(1) are restored to the status of public lands; and

(2) shall be administered in accordance with the Area Management Plan.

(c) WITHDRAWAL.—All public lands within the Area are withdrawn from settlement, sale, location, entry, or disposal under the laws applicable to public lands, including the following:

(1) Sections 910, 2318 through 2340, and 2343 through 2346 of the Revised Statutes (commonly known as the ''General Mining Law, of 1872'') (30 U.S.C. 21, 22, 23, 24, 26 through 30, 33 through 43, 46 through 48, 50 through 53).

(2) The Mining and Minerals Policy Act of 1970 (30 U.S.C. 21a).

(3) The Act of April 26, 1882 (22 Stat. 49, chapter 106; 30 U.S.C. 25, 31).

(4) Public Law 85–876 (30 U.S.C. 28–1, 28–2).

(5) The Act of June 21, 1949 (63 Stat. 214, chapter 232; 30 U.S.C. 28b through 28e, 54).

(6) The Act of March 3, 1991 (21 Stat. 505, chapter 140; 30 U.S.C. 32).

(7) The Act of May 5, 1876 (19 Stat. 52, chapter 91; 30 U.S.C. 49).

(8) Sections 15, 16, and 26 of the Act of June 6, 1990 (31 Stat. 327, 328, 329, chapter 786; 30 U.S.C. 49a, 49c, 49d).

(9) Section 2 of the Act of May 4, 1934 (48 Stat. 1243, chapter 2559; 30 U.S.C. 49e, 49f).

(10) The Act entitled ''An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain'', approved February 25, 1920 (commonly known as the ''Mineral Lands Leasing Act of 1920''; 30 U.S.C. 181 et seq.).

(11) The Act entitled ''An Act to provide for the disposal of materials on public lands of the United States'', approved July 31, 1947 (commonly known as the ''Materials Act of 1947''; 30 U.S.C. 601 et seq.).

(d) WILD AND SCENIC RIVERS.—No land or water within the Area shall be designated as a wild, scenic, or recreational river under section 2 of the Wild and Scenic Rivers Act (16 U.S.C. 1273).

SEC. 12. ACQUISITION OF NON-FEDERAL LANDS.

(a) ACQUISITION OF LANDS NOT CURRENTLY IN FEDERAL OWNERSHIP.—The Secretary, with the cooperation and assistance of the Commission, may acquire by purchase, exchange, or donation all or any part of the land and interests in land, including conservation easements, within the Area from willing sellers only.

(b) ADMINISTRATION.—Any lands and interests in lands acquired under this section—

(1) shall be administered in accordance with the Area Management Plan;

(2) shall not be subject to reserved water rights for any Federal purpose, nor shall the acquisition of the land authorize the Secretary or any Federal agency to acquire instream flows in the Rio Grande River at any place within the Area;

(3) shall become public lands; and

(4) shall upon acquisition be immediately withdrawn as provided in section 11.

SEC. 13. STATE INSTREAM FLOW PROTECTION AUTHORIZED.

Nothing in this Act shall be construed to prevent the State from acquiring an instream flow through the Area pursuant to the terms, conditions, and limitations of Colorado law to assist in protecting the natural environment to the extent and for the purposes authorized by Colorado law.

SEC. 14. RULE OF CONSTRUCTION.

Nothing in this Act shall be construed to—

(1) authorize, expressly or by implication, the appropriation or reservation of water by any Federal agency, or any other entity or individual other than the State of Colorado, for any instream flow purpose associated with the Area;

(2) affect the rights or jurisdiction of the United States, a State, or any other entity over waters of any river or stream or over any ground water resource;

(3) alter, amend, repeal, interpret, modify, or be in conflict with the Compact;

(4) alter or establish the respective rights of any State, the United States, or any person with respect to any water or water-related right;

(5) impede the maintenance of the free-flowing nature of the waters in the Area so as to protect—

(A) the ability of the State of Colorado to fulfill its obligations under the Compact; or

(B) the riparian habitat within the Area;

(6) allow the conditioning of Federal permits, permissions, licenses, or approvals to require the bypass or release of waters appropriated pursuant to State law to protect, enhance, or alter the water flows through the Area;

(7) affect the continuing use and operation, repair, rehabilitation, expansion, or new construction of water supply facilities, water and wastewater treatment facilities, stormwater facilities, public utilities, and common carriers along the Rio Grande River and its tributaries upstream of the Area;

(8) impose any Federal or State water use designation or water quality standard upon uses of, or discharges to, waters of the State or waters of the United States, within or upstream of the Area, that is more restrictive than those that would be applicable had the Area not been established; or

(9) modify, alter, or amend title I of the Reclamation Project Authorizing Act of 1972, as amended (Public Law 92-514, 86 Stat. 964; Public Law 96-375, 94 Stat. 1507; Public Law 98-570, 98 Stat. 2941; and Public Law 100-516, 100 Stat. 257), or to authorize the Secretary to acquire water from other sources for delivery to the Rio Grande River pursuant to section 102(c) of such title.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BINGAMAN (for himself, Mr. ENZI, Mr. DASCHLE, Mr. JOHNSON, and Mr. INOUYE):

S. 1469. A bill to amend the Head Start Act to provide grants to Tribal Colleges and Universities to increase the number of post-secondary degrees in early childhood education and related fields earned by Indian Head Start agency staff members, parents of children served by such an agency, and members of the community involved; to the Committee on Indian Affairs.

Mr. BINGAMAN. Mr. President, I rise today to introduce the Tribal Colleges and Universities/Head Start Partnership Act, on behalf of myself and Senators ENZI, DASCHLE, JOHNSON, and INOUYE.

As I am sure you all know, Head Start is the flagship Federal program that insures that disadvantaged children have access to the educational, social, health, and behavioral services that they need in order to be ready to enter and excel in school. Studies clearly show that Head Start is a strong and effective program and that children who enroll in it benefit from improved cognitive and social skills. Although Head Start is a model program, it can be even better. One factor that we know is strongly related to student outcomes is teacher quality and education. Simply put, the more advanced the credentials of the teacher, the better the outcomes for students.

In recognition of this fact, the 1998 Head Start reauthorization required that 50 percent of all Head Start teachers have at least an Associate's Degree, AA, in early childhood or a related field by 2003. In the impending reauthorization of Head Start, is it likely that teacher credential requirements will be increased even further.

Although across the Nation as a whole, the 50 percent AA degree requirement for Head Start teachers has been met, there are some regions and sub-groups in the U.S. for which this is not the case. It is particularly difficult for Head Start teachers on Indian reservations, in rural areas, and those who teach migrants to access the necessary educational opportunities. Often, the distance these individuals would have to travel to take classes at the nearest college that offers an early childhood education degree is simply prohibitive.

The purpose of the Tribal College and University/Head Start Partnership Act is to facilitate the continuing education of Native American Head Start teachers so that they can obtain the credentials they need to provide the best outcomes for the children under their care. Nationally, only 14 percent of Native American Head Start teachers have an AA degree and a scant 7 percent have a BA degree or higher.

The current Act is based on the ''Head Start Partnerships with Tribally Controlled Land-Grant Colleges and Universities'' discretionary grants program at HHS. This program provided grants to 16 tribal universities and colleges during the period 1999–2001. The purpose of the program was to utilize the capabilities of these institutions of higher education to improve the quality of Head Start and Early Head Start programs funded through the American Indian Programs Branch, primarily by providing education and training opportunities for Head Start staff. Partnership agreements provided academic credits primarily toward Associate's or Bachelor's Degrees. Since the program began in 1999, 322 students have graduated from these programs and an additional 59 are expected to graduate by the end of 2003.

In my home State of New Mexico, Southwestern Indian Polytechnic Institute, SIPI, received a 3-year grant of $150,000 per year. This grant has supported the teaching of courses leading directly to an AA degree in early childhood. There are roughly 125 declared majors, 90 percent of whom are Head Start teachers, enrolled in these classes each semester, distributed across eleven reservations and pueblos in New Mexico, the closest of which is 30 miles from the SIPI campus. Without access to this type of distance education, these dedicated Head Start teachers would not be able to receive the education that is crucial to both their own futures and to the lives of the many children they teach.

Although the Head Start Partnerships discretionary grants program at HHS has been very successful, funding has been sporadic. No grants were awarded in 2001 and 2002. Although HHS just recently announced a new competition for these grants, it is unclear if new grants will also be awarded in future years. I believe that an authorized grants program would be the best way to insure a steady and dependable source of funding so that tribal Head Start teachers can obtain the education that is so crucial to their success.

The TCU /Head Start Partnership Act would authorize 5-year grants to TCUs so that these institutions can develop programs resulting in increased numbers of advanced degrees for tribal Head Start teachers, particularly in technology mediated formats. The act authorizes $10,000,000 for fiscal year 2004 and such sums as may be necessary for fiscal years 2005–2008, in order to achieve these goals.

I urge my colleagues to join me in supporting this extremely important program. At a time when we are rightfully demanding that Head Start teachers be highly credentialed, we must provide the supports that are necessary to help teachers gain these credentials.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1469

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Tribal Colleges and Universities Head Start Partnership Act''.

SEC. 2. FINDINGS; PURPOSES.

(a) FINDINGS.—Congress finds the following:

(1) The Head Start Act requires that 50 percent or more of teachers nationwide in center-based Head Start programs must have at least an associate degree in early childhood education, or a field related to early childhood education, by 2003.

(2) A goal of the Head Start Act is to ensure that all Head Start programs nationwide will provide accredited continuing education for Head Start staff that provides college or university credit for such staff. However, Indian Head Start programs are generally located in areas isolated from mainstream colleges or universities where such credit can be earned.

(3) The vast majority of the Nation's 34 Tribal Colleges and Universities have early childhood education programs and, of these, 32 are accredited, or designated candidates for accreditation, by national accrediting associations.

(4) Tribal Colleges and Universities were created by Indians for Indians primarily on rural and remote Indian reservations, which were virtually excluded from the Nation's system of higher education.

(5) Tribal Colleges and Universities are engaged community institutions, offering higher education and continuing education opportunities to individuals who otherwise might find attaining such education impossible due to family responsibilities, and financial and geographic barriers.

(6) Tribal Colleges and Universities have been more successful than any other institutions of higher education in educating Indians and helping to retain Indians in high-need fields such as nursing and teaching. According to a 2000 survey, over 80 percent of Tribal College and University graduates go on to further higher education or become employed in the local community.

(7) Through partnerships developed between Tribal Colleges and Universities and Head Start programs nationwide—

(A) Indian Head Start agency personnel can gain greater access to accredited college and university programs in their career field;

(B) the knowledge, skills, and aptitude of those working at Indian Head Start agencies will be increased, thus enabling them to provide high quality and comprehensive services to Indian children and their families; and

(C) the health, early childhood development, and school readiness of Indian children will be improved as a result of increased staff knowledge, skills, and aptitude.

(b) PURPOSES.—The purposes of this Act are to—

(1) promote social competencies and school readiness in Indian children; and

(2) provide high quality, accredited educational opportunities to Indian Head Start agency staff so that they can better deliver services that enhance the social and cognitive development of low-income children through the provision of health, educational, nutritional, social, and other services to low-income children and their families.

SEC. 3. TRIBAL COLLEGE OR UNIVERSITY-HEAD START PARTNERSHIP PROGRAM.

The Head Start Act (42 U.S.C. 9831 et seq.) is amended by inserting after section 648A the following:

''SEC. 648B. TRIBAL COLLEGE OR UNIVERSITY-HEAD START PARTNERSHIP PROGRAM.

''(a) TRIBAL COLLEGE OR UNIVERSITY-HEAD START PARTNERSHIP PROGRAM.—

''(1) GRANTS.—The Secretary is authorized to award grants, of not less than 5 years duration, to Tribal Colleges and Universities to—

''(A) implement education programs that include tribal culture and language and increase the number of associate, baccalaureate, and graduate degrees in early childhood education and related fields that are earned by Indian Head Start agency staff members, parents of children served by such an agency, and members of the tribal community involved;

''(B) develop and implement the programs under subparagraph (A) in technology-mediated formats; and

''(C) provide technology literacy programs for Indian Head Start agency staff members and children and families of children served by such an agency.

''(2) STAFFING.—The Secretary shall ensure that the American Indian Programs Branch of the Head Start Bureau of the Department of Health and Human Services shall have staffing sufficient to administer the programs under this section and to provide appropriate technical assistance to Tribal Colleges and Universities receiving grants under this section.

''(b) APPLICATION.—Each Tribal College or University desiring a grant under this section shall submit an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require, including a certification that the Tribal College or University has established a partnership with 1 or more Indian Head Start agencies for the purpose of conducting the activities described in subsection (a).

''(c) DEFINITIONS.—In this section:

''(1) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given such term in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

''(2) TRIBAL COLLEGE OR UNIVERSITY.—The term 'Tribal College or University' means an institution—

''(A) defined by such term in section 316(b) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b)); and

''(B) determined to be accredited or a candidate for accreditation by a nationally recognized accrediting agency or association.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $10,000,000 for fiscal year 2004 and such sums as may be necessary for each of fiscal years 2005 through 2008.''.

By Mr. SARBANES (for himself and Mr. CORZINE):

S. 1470. A bill to establish the Financial Literacy and education Coordinating Committee within the Department of the Treasury to improve the state of financial literacy and education among American consumers; to the Committee on Banking, Housing, and Urban Affairs.

Mr. SARBANES. Mr. President, today I am introducing the Financial Literacy and Education Coordinating Act of 2003. This legislation creates an intergovernmental coordinating Committee whose goal is to improve the financial decision making of all Americans by strengthening education to raise financial literacy levels.

The phrase ''financial literacy'' is one we often hear but often do not really understand. It is analogous in financial matters to basic literacy—the ability to read and understand what is read—in our everyday lives. We are keenly aware from our efforts to improve our schools and raise our students' ability to read that there are higher and lower levels of literacy. Numerous statistical studies indicate that in the field of personal finances, substantial numbers of people are financially illiterate. Among those who have some degree of literacy, the vast majority are performing below what their 'grade level' ought to be.

This bill addresses that problem. It reflects my long-standing concern that inadequate knowledge of financial issues leaves our consumers seriously vulnerable to exploitation, with devastating consequences for them and their families. As Chairman of the Committee on Banking, Housing and Urban Affairs, during the last Congress, I chaired a series of hearings to examine the state of financial literacy and education throughout the Nation. The Committee received testimony from a wide range of witnesses on the state of financial literacy and education among Americans of all ages and from all walks of life—from school age children to retirees, small investors to those without bank accounts, and first time workers to those saving for retirement. The witnesses were unanimous in the view that we needed to increase financial education in this country.

Federal Reserve Chairman Alan Greenspan stated before the Committee

that: ''In considering means to improve the financial status of families, education can play a critical role by equipping consumers with the knowledge required to make wise decisions. . . . This is especially the case for populations that have traditionally been underserved by our financial system.'' Chairman Greenspan made the point that increased financial education has the potential to improve significantly the economic situation of the vast majority of Americans.

The goal of this legislation is to promote better financial decision-making among consumers. While at present substantial work is in progress both within the government and outside of it, it suffers from the lack of a single comprehensive strategy—there is too little coordination, and too much duplication. As Tess Canja, President of AARP testified before the Committee: ''We see a need for a coherent and coordinated national strategy for making available a well-researched and well-evaluated progression of financial literacy programs and services.'' By creating an underlying strategy to address these problems, the legislation will help enable Americans to make the financial decisions that best serve their needs and aspirations. This legislation seeks to address these problems and create a strategy to improve the financial choices and outcomes for all Americans.

The bill creates a Coordinating Committee chaired by the Secretary of the Treasury, based in the Treasury Department's Office of Financial Education. The Committee will be responsible for coordinating and centralizing the various existing financial education activities in our government agencies as well as any future initiatives. Currently there are at least sixteen active financial-education programs. They operate in each of the Federal banking agencies—the Federal Reserve, FDIC, OCC, and OTS; the NCUA; the SEC; in six executive departments—Education, Agriculture, Defense, Health and Human Services, Labor, and Veterans Affairs; and in such agencies as the Social Security Administration, Federal Trade Commission, the Commodities Futures Trading Commission, and the Office of Personnel Management.

The Committee will coordinate these and other efforts. Additional members can be added at the discretion of the Chairperson of the Committee. All will benefit from the better coordination and the elimination of unnecessary duplication that the Committee will provide.

In addition, many State and local governments, non-profit entities, and private enterprises have developed and implemented excellent financial education programs. A successful national strategy to increase financial literacy and education must involve a partnership that engages all levels of government, including at the State and local level, along with leaders of the non-profit and private sectors. As Don Blandin, President of the American Savings Education Council noted in his testimony before the Committee: ''Organizations in both the private and public sectors must collaborate on all levels to help educate Americans about the importance of taking control of their financial future. By combining and leveraging our comprehensive networks and resources, we have a better chance of reaching people that none of us would be able to reach alone.'' The Coordinating Committee established by this legislation will undertake just such a collaboration. It will develop a national strategy in conjunction with State and local governments and with the private and non-profit sectors, and will report its findings back to the Congress.

It is disturbing to hear the statistics about the current situation and how financially under-educated the American people are. The Consumer Federation of America found that the typical American failed a 14-question test of basic knowledge of personal finances. Fewer than one in ten, 8, answered three-quarters of the questions correctly. Eighty-two percent of high school seniors failed a 13-question personal financial quiz on such basic questions as interest rates, savings, loans, credit cards, and calculating net worth.

The lack of financial education affects Americans of every age and background. There may be differing opinions on issues of financial security for retirees, but I suspect there is little disagreement on the importance to every family of budgeting and savings for retirement. We have data showing that households with a savings plan save twice as much as those without a plan, and yet surveys indicate that half of all Americans have not taken the basic step of calculating how much they will need to save for retirement. Teaching families how to budget and develop a savings plan as well as the importance of doing so would enhance many Americans' financial security.

There are far too many people today who lack a bank account, which is the passport for access to mainstream financial services. The Wall Street Journal, in an article appearing June 28, 2001, estimated that 10 million adult Americans have no relationship with a mainstream financial services provider. Of the millions of households that have no relationship with a bank, one-third are African American and 29 percent are Hispanic. The large costs of failing to bring people into the mainstream financial system makes it imperative to pursue all avenues to bring them in. A lack of basic consumer financial education on how a checking and a savings account work and why it's important to have such an account is one explanation for these disturbing figures. Once people enter into the financial mainstream a lot of the protections and safeguards which have been developed for the board mass of the public are enjoyed by these newly banked people.

The Banking Committee heard from witnesses that many college students have access to significant credit through credit cards, but have little experience and often little to no education on how to use them responsibly. Kentucky State Treasurer Jonathan Miller, who has held a series of hearings on financial literacy throughout his state, testified before the Banking Committee that: ''for a significant and growing minority of college students, credit card use and misuse can be devastating.'' The Department of Education estimates that the average credit card debt among college students was over $3,000 in the year 2000. College students are not the only ones susceptible to credit card debt: the average credit card debt per American family is over $8,000. Furthermore, too many people are unaware of their own credit score, how to access that score, and the impact that their credit score has on both their access to credit and the terms on which that credit is offered.

Students are entering college with insufficient knowledge of the financial system and as a result, they are getting into serious financial problems. One of the Committee's witnesses, Ms. Ellen Frishberg, Director of Student Financial Services at John Hopkins University, testified that, ''Because of the case of getting credit, the lack of financial savy on the part of these otherwise very bright students, and the unchecked solicitation and giveaways that were going on during orientation, in 1994 the Dean of Students decided it was best to prohibit credit card vendors from the Homewood campus.'' We can all agree that college students who are better educated in the basics of the financial system will be less susceptible to falling into serious credit card debt.

Special attention should also be paid to immigrants, often of modest means who send, or remit, a significant portion of their income to family in their country of origin. According to a recent study by the Inter-American Development Bank, in the aggregate $32 billion was remitted out of America last year, with over $10 billion going to Mexico alone. It is estimated that nearly 70 percent of all Hispanic immigrants send money home. The financial transaction of sending money internationally is complex: there are transaction fees, currency conversion fees and exchange rate spreads. The full costs can range up to $50 even when the amount being sent home is $300. A survey by Bendixen and Associates estimated that ⅔ of Hispanic immigrants who send money home are unaware of the full costs. Before the Banking Committee, Mr. Bendixen testified that, ''When these immigrants were informed that besides a fee paid in the U.S., international money transfer companies often provide unfavorable exchange rates or discount additional commissions or charges in Latin America, a large majority of them felt that the fees paid for the service are excessive and unfair. Customers should have

access to information about the full costs of their transactions, and they need a level of financial literacy that enables them to interpret the information. Only then will they be able to shop effectively, compare costs, and make wise financial choices.

Increased financial education is a first step in the consumer education process but as Federal Reserve vice-Chairman Roger Ferguson testified before the Committee, ''legislation, careful regulation and education are all components of the response to these emerging consumer concerns.'' The legislation I introduce today will make a significant contribution to improving the quality of financial education in this country. It is modeled closely on the Trade Promotion Coordinating Committee established by the Export Enhancement Act of 1992.

A number of Senators have taken a strong interest in this issue. Senator CORZINE is a co-sponsor of this legislation and has been actively involved on the issue. I particularly want to acknowledge the outstanding leadership of Senators STABENOW and ENZI as well as Senator AKAKA. I know that Senators STABENOW and ENZI are working on a bill and I look forward to working closely with them.

I also want to express my appreciation to Senate Banking Committee Chairman SHELBY for the time and attention is devoting to this subject. Tomorrow Chairman SHELBY is holding a hearing in the Committee on ''Consumer Awareness and Understanding of the Credit Granting Process.'' These issues are directly related.

I ask unanimous consent that a summary of the Financial Literacy and Education Coordinating Act and the bill be printed in the RECORD together with letters in support of the bill. I urge my colleagues to work toward speedy enactment of meaningful legislation to improve the financial literacy and education of all Americans.

There being no objection, the summary and letters of support were ordered to be printed in the RECORD, as follows:

FINANCIAL LITERACY AND EDUCATION COORDINATING ACT OF 2003

This legislation establishes an interagency Committee, based in the Department of the Treasury, with assistance provided by Treasury's Office of Financial Education. The Committee shall be chaired by the Secretary of the Treasury and charged with coordinating governmental financial literacy initiatives and developing a national strategy, in cooperation with state and local governments, and non-profit and private enterprises, to improve financial education and literacy of all Americans.

The Committee initially includes representatives from the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration, the Departments of Treasury, Agriculture, Defense, Education, Health and Human Services, Labor, Veterans Affairs, the Social Security Administration, the Federal Trade Commission, the Commodities Futures Trading Commission, and the Office of Personnel Management. The chairperson has the authority to include other agencies and departments that are engaged in a serious effort to improve the state of financial literacy and education among any group of Americans. The Committee shall meet no less than quarterly.

There is substantial evidence that many Americans do not have an adequate basis for making sound decisions about their personal and household finances, especially given the myriad choices of financial products and services available to them. A more comprehensive financial education would help provide individuals with the necessary tools to create household budgets, initiative savings plans, manage debt, and make strategic investment decisions for education, retirement, home ownership or other savings goals. While increased levels of financial literacy and education are critically important, improved financial decision making by consumers, not simply improved knowledge, should be the most important financial education goal.

The Committee is required to: review financial literacy and education efforts throughout the federal government; identify and remove duplicative financial literacy efforts within the federal government; coordinate and promote financial literacy efforts including partnerships between federal, state and local governments, non-profit organizations and private enterprises; develop within one year a national strategy to promote financial literacy and education among all Americans; develop and implement the strategy with the participation of non-profit and private sector institutions; coordinate efforts towards the implementation of the strategy; and submit an annual report, providing testimony if requested, to Congress detailing the state of financial literacy and education as it relates to the strategy.

CONSUMER FEDERATION OF AMERICA,
July 25, 2003.

Hon. PAUL S. SARBANES,
Ranking Member, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, DC.

DEAR SENATOR SARBANES, the Consumer Federation of America commends you for introducing legislation to boost financial awareness and improve financial decision-making by Americans. There has never been a greater need to advance financial education. CFA strongly supports the creation of the Financial Literacy and Education and Coordinating Committee within the Department of the Treasury, as called for in this bill, and looks forward to working with you to enact this timely legislation.

The financial education needs of the least affluent and well-educated Americans are especially pressing, in part because recent changes in the financial services marketplace have increased the vulnerability of these households. In particular, the dramatic expansion of high-cost and sometimes predatory lending to moderate and lower income Americans in the last decade has put many of these people at great financial risk. Because these individuals lack financial resources and often are charged high prices, they cannot afford to make poor financial choices. But because of low general and financial literacy levels, they often have difficulty making smart financial decisions, in part because they are especially vulnerable to abusive seller practices.

THIS LEGISLATION WOULD ESTABLISH EFFECTIVE FEDERAL LEADERSHIP ON FINANCIAL EDUCATION

While many worthwhile financial education programs exist, they are not well-coordinated, effectively reach only a small minority of the population, and do not reflect any broad, compelling vision. Many focus only on increasing consumer knowledge of how to best operate in the financial services marketplace, and not on actually changing consumer behavior to improve decisions about spending, saving, and the use of credit. Moreover, there is no clear consensus about how to effectively provide financial education, especially to those who have completed their secondary education and to those with low literacy levels. What is most needed is a comprehensive needs assessment and plan to guide and inspire financial educators and their supporters. Such a plan could also convince a broad array of government, business and nonprofit groups to work together to persuade the nation to implement that plan.

This legislation recognizes that, for any comprehensive plan to win broad public and private support and participation, the federal government must provide leadership. The bill would give the Department of Treasury the authority to establish a federal governmental network to coordinate financial literacy efforts and requires every relevant agency to participate at a high level, including the Securities and Exchange Commission, the Department of Education, the Federal Reserve, and the Department of Defense. It emphasizes the importance of assessing the federal government's capacity for promoting financial literacy. It requires the Coordinating Committee to evaluate different financial programs and strategies and identify those that are most effective in improving consumer decision making—not just awareness. It makes the Coordinating Committee directly accountable to Congress for its activities and accomplishments. Most importantly, it requires the Coordinating Committee to develop and implement a national strategy to promote basic financial literacy, with broad input from business, educational and nonprofit leaders.

LOWER INCOME CONSUMERS NEED BETTER FINANCIAL LITERACY EFFORTS

There is no large population that would benefit more from improved financial education than the tens of millions of the least affluent and well-educated Americans. In 1998, 37 percent of all households had incomes under $25,000. With the exception of older persons who had paid off home mortgages, these households had accumulated few assets. In 1998, according to the Federal Reserve Board's Survey of Consumer Finances, most of these least affluent households had net financial assets (excluding home equity) of less than $1,000. Moreover, between 1995 and 1998, a time of rising household incomes, the net worth of lower-income households actually declined.

For lower income households with few discretionary financial resources, failing to adequately budget expenditures may pressure these consumers into taking out expensive credit card or payday loans. Mistakenly purchasing a predatory mortgage loan could cost them most of their economic assets.

These households also need to make smart buying decisions because they tend to be charged higher prices than more affluent families: higher homeowner and auto insurance rates because they live in riskier neighborhoods; higher loan rates because of their low and often unstable incomes; higher furniture and appliance prices from neighborhood merchants that lack economies of scale and face relatively high costs of doing business; and higher food prices in their many neighborhoods without stores from major supermarket chains. Lower-income families are also faced with higher prices for basic banking services and they lack access to essential savings options.

Lower-income households with low literacy levels are especially vulnerable to seller abuse. Consumers who do not understand percentages may well find it impossible to understand the costs of mortgages, home equity, installment, and credit card, payday, and other high-cost loans. Individuals who do not read well may find it difficult to check whether the oral promises of salespersons were written into contracts. And, those who do not write fluently are limited in their ability to resolve problems by writing to merchants or complaint agencies. Consumers who do not speak, read, or write English well face special challenges obtaining good value in their purchases.

MORE AVAILABLE CREDIT HAS INCREASED FINANCIAL EDUCATION NEEDS

Over the past decade, the financial vulnerability of low- and moderate-income households has increased simply because of the dramatic expansion of the availability of credit. The loans that subjected the greatest number of Americans to financial risk were made with credit cards. From 1990 to 2000, fueled by billions of mail solicitations annually and low minimum monthly payments of 2–3 percent, credit card debt outstanding more than tripled from about $200 billion to more than $600 billion. Just as significantly, the credit lines made available just to bankcard holders rose to well over $2 trillion. By the middle of the decade, having saturated upper- and middle-class markets, issuers began marketing to lower-income households. By the end of the decade, an estimated 80 percent of all households carried at least one credit card. Independent experts agree that expanding credit card debt has been the principal reason for rising consumer bankruptcies.

Also worrisome has been the expansion of high-priced mortgage loans and stratospherically-priced smaller consumer loans. In the 1990s, creditors began to aggressively market subprime mortgage loans carrying interest rates greater than 10 percent and higher fees than those charged on conventional mortgage loans. By 1999, the volume of subprime mortgage loans peaked at $160 billion. Mortgage borrowers in low-income neighborhoods were three times more likely to have subprime loans than mortgage borrowers in high-income neighborhoods. A significant minority of these subprime borrowers would have qualified for much less expensive conventional mortgage loans. Some of these borrowers were victimized by exorbitantly priced and frequently refinanced predatory loans that ''stripped equity'' from the homes of many lower-income households.

The 1990s also saw explosive growth in predatory small loans—payday loans, car title pawn, rent-to-own, and refund anticipation loans—typically carrying effective interest rates in triple digits. The Fannie Mae Foundation estimates that these ''loans'' annually involve 280 million transactions worth $78 billion and carrying $5.5 billion in fees. The typical purchaser of these financial products has income in the $20,000 to $30,000 range with a disproportionate number being women.

Both proper regulation and education are necessary to insure that lower and moderate income Americans are not subject to abusive lending practices and that they have the knowledge to make effective decisions in an increasingly complex financial services marketplace. We applaud you for proposing this comprehensive and achievable vision for improving financial awareness and decisionmaking. We look forward to working with you and leaders in the House of Representatives to put such an approach in law as soon as possible.

Sincerely,

TRAVIS B. PLUNKETT,
Legislative Director.

AARP,
July 28, 2003.

Hon. PAUL SARBANES,
Ranking Member, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, DC.

DEAR SENATOR SARBANES: AARP is pleased to offer our support for your legislation, the ''Financial Literacy and Education Coordinating Act of 2003,'' that will begin to address this nation's need to improve financial literacy.

Last year, at the Senate Banking Committee's hearing on the status of financial literacy and education in America, AARP President Tess Canja documented in her testimony the need for a coherent and coordinated national strategy to make available a well-researched and well-evaluated progression of financial literacy programs and services. Your legislation establishes a permanent inter-agency platform for developing a national financial literacy strategy, and it will begin to provide the necessary coordination to integrate and to help deliver educational and training programs that already exist at the federal, state and local levels. For example, the Congress is working to expand the availability of credit reports and credit scores to all Americans. This is critical information for consumers, but it does not become effective knowledge until it is understood.

The dramatic loss in stock market valuations in recent years highlights the financial vulnerability facing many retired Americans. The haunting prospect of an underinformed generation of Baby-Boomers nearing retirement age suggest that there is little time to waste in developing, testing and arraying improved financial education and training services.

We look forward to actively working with you to enact the ''Financial Literacy and Education Coordination Act of 2003.'' If there are further questions, please do not hesitate to call upon me, or have your staff contact Roy Green of our Federal Affairs staff at (202) 434–3800.

Sincerely,

MICHAEL W. NAYLOR,
Director of Advocacy.

NATIONAL COUNCIL ON ECONOMIC EDUCATION,
July 25, 2003.

Hon. PAUL SARBANES,
U.S. Senator, Dirksen Building, Washington, DC.

DEAR SENATOR SARBANES: We at the National Council on Economic Education (NCEE) strongly endorse the Financial Literacy and Education Coordination Committee Act. This Act, which proposes establishing a committee chaired by the Secretary of the Treasury, to coordinate the activities of all Federal Agencies with an interest in financial and literacy, could not come at a better time.

This is a time of growing public interest in financial education. Parents everywhere want their children to know how the world works before they go to work in it, and to possess the basic knowledge and decision-making skills that will help them to become productive and responsible citizens, employees, consumers, savers and investors.

In response to the growing interest in financial literacy, a number of government agencies have set up departments focusing on this issue. In our opinion, the fact that the Coordinating Committee will bring the various departments together will reduce duplication of much needed resources, and get new programs into the community more quickly. We also understand that the Coordinating Committee will work with non-profits, and state and local organizations—both private and public—to develop strategies for improving financial literacy. We welcome this inclusive approach to getting a sound economic education into the hands of our young people.

The NCEE is pleased to support the Financial Literacy and Education Coordination Committee Act. Please keep us informed of its progress.

Yours sincerely,

ROBERT F. DUVALL,
President & Chief Executive Officer.

HOWARD UNIVERSITY,
OFFICE OF THE PRESIDENT,
Washington, DC, July 25, 2003.

Hon. PAUL S. SARBANES,
Committee on Banking, Housing, and Urban Affairs, Senate Dirksen Building, Washington, DC.

DEAR SENATOR SARBANES: Last year, as a representative of higher education and Historically Black Colleges and Universities, I testified before the Committee in support of its proposed national strategy to promote financial literacy and education. Today, I remain steadfast in my advocacy of this initiative.

Financial illiteracy continues to plague many American: an unfortunate reality that further underscores the urgent need for The Financial Literacy and Education Coordinating Act. It provides the most effective solution to establishment of a nationwide program that will protect and educate our citizens.

Although financial literacy should be a lifelong program beginning in elementary school, I believe that higher education has a special responsibility to ensure that students in postsecondary institutions develop sound financial competency as early in their college careers as possible.

The typical college graduate leaves school with an average of $19,400 in student loans. Throughout their matriculation, students are routinely bombarded by aggressive credit card companies who entice them with offers of free gifts and easy credit. The addition of credit card debt creates an overwhelming burden on recent graduates.

Promoting financial education for our youth is consistent with Howard University's core values. The University, in collaboration with other organizations—including our strategic partner Fannie Mae—is addressing the national financial literacy problem as it relates to African Americans and other minorities, who are already disadvantaged by the wealth gap. Howard believes that the ability to make informed financial decisions is an increasingly important skill.

We have introduced a number of initiatives to empower our students and members of the community by teaching them the importance of effectively managing their money and improving their credit so that the dream of homeownership and other personal financial opportunities can become a reality.

We now look to the Congress to enact legislation that will buttress our efforts in this regard. The Financial Literacy and Education Coordinating Act is indeed representative of a worthy, collective, non-partisan effort that will have a lasting impact on generations to come.

Respectfully,

H. PATRICK SWYGERT,
President.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1470

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Financial Literacy and Education Coordinating Act of 2003''.

SEC. 2. FINDINGS.

Congress finds that—

(1) there is substantial evidence that many Americans do not have an adequate basis for making sound decisions about personal and household finances;

(2) financial education could play a critical role in equipping consumers with the knowledge to make wise decisions, especially for lower income consumers and those underserved by the mainstream financial system;

(3) an increased awareness of the availability of credit scores and credit reports, the process of accessing them, their significance in obtaining credit, and their effects on credit terms, are of paramount importance to consumers;

(4) easily accessible and affordable resources which inform and educate investors as to their rights and avenues of recourse should be provided when an investor believes his or her rights have been violated by unprofessional conduct of market intermediaries;

(5) a basic understanding of the operation of the financial services industry would help consumers and their families to make more informed choices about how best to progress economically, avoid harmful personal debt, avoid discriminatory and predatory practices, invest wisely, develop financial planning skills necessary for maximizing short- and long-term financial well being, and better prepare for retirement;

(6) comprehensive financial education would help to provide individuals with the necessary tools to create household budgets, initiate savings plans, manage debt, and make strategic investment decisions for education, retirement, home ownership, or other savings goals; and

(7) improved financial decision making, not simply more knowledge, should be the primary financial education goal.

SEC. 3. FINANCIAL LITERACY AND EDUCATION COORDINATING COMMITTEE.

(a) ESTABLISHMENT.—The Secretary of the Treasury shall establish within the Office of Financial Education of the Department of the Treasury, the Financial Literacy and Education Coordinating Committee (in this Act referred to as the ''Committee'').

(b) PURPOSES.—The purposes of the Committee shall be—

(1) to coordinate financial literacy and education efforts among Federal departments and agencies;

(2) to develop and implement a national strategy to promote basic financial literacy and education among all Americans;

(3) to reduce overlap and duplication in Federal financial literacy and education activities;

(4) to identify the most effective types of public sector financial literacy programs and techniques, as measured by improved consumer decision making;

(5) to coordinate and promote financial literacy efforts at the State and local level, including partnerships among Federal, State, and local governments, nonprofit organizations, and private enterprises; and

(6) to carry out such other duties as are deemed to be appropriate, consistent with this Act.

SEC. 4. COMMITTEE DUTIES.

(a) IN GENERAL.—The Committee shall—

(1) not later than 1 year after the date of enactment of this Act, develop a national strategy to promote basic financial literacy among all American consumers;

(2) coordinate Federal efforts to implement the strategy developed under paragraph (1);

(3) not later than 1 year after the date of enactment of this Act, and annually thereafter, submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives regarding actions taken and progress made by the Committee in carrying out this Act during the reporting period, and any challenges remaining to implementation of such purposes; and

(4) provide testimony by the chairperson of the Committee to either Committee referred to in paragraph (3), upon request.

(b) STRATEGY.—The strategy to promote basic financial literacy required to be developed under subsection (a)(1) shall provide for—

(1) participation by State and local governments and private, nonprofit, and public institutions in the creation and implementation of such strategy;

(2) the development of methods—

(A) to increase the general financial education level of current and future consumers of financial services and products; and

(B) to enhance the general understanding of financial services and products;

(3) review of Federal activities designed to promote financial literacy and education and development of a plan to improve coordination of such activities;

(4) the identification of areas of overlap and duplication among Federal financial literacy and education activities and proposed means of eliminating any such overlap and duplication; and

(5) a proposal to the President of a Federal financial literacy and education budget that supports such strategy and eliminates funding for such areas of overlap and duplication.

SEC. 5. COMMITTEE MEMBERSHIP.

(a) COMPOSITION.—The Committee shall be comprised of—

(1) the Secretary of the Treasury, who shall serve as the chairperson of the Committee; and

(2) a representative from—

(A) each Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act), the National Credit Union Administration, the Securities and Exchange Commission, each of the Departments of Education, Agriculture, Defense, Health and Human Services, Labor, and Veterans Affairs, the Social Security Administration, the Federal Trade Commission, the Commodity Futures Trading Commission, and the Office of Personnel Management; and

(B) a representative from any other department or agency that the Secretary determines to be engaged in a serious effort to improve financial literacy and education.

(b) ASSISTANCE.—The Director of the Office of Financial Education of the Department of the Treasury shall provide to the Committee, upon request, such assistance as may be necessary.

(c) MEMBER QUALIFICATIONS.—Members of the Committee shall be appointed by the heads of their respective departments or agencies. Each member and each alternate designated by any member unable to attend a meeting of the Committee, shall be an individual who exercises significant decision-making authority.

(d) MEETINGS.—Meetings of the Committee shall occur not less frequently than quarterly, and at the call of the chairperson.

(e) CONSULTATION.—The Committee shall consult with private and nonprofit organizations and State and local agencies, as determined appropriate by the chairperson and the Committee.

By Mr. TALENT:

S. 1472. A bill to authorize the Secretary of the Interior to provide a grant for the construction of a statue of Harry S Truman at Union Station in Kansas City, Missouri; to the Committee on Energy and Natural Resources.

Mr. TALENT. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. HARRY S TRUMAN STATUE, KANSAS CITY, MISSOURI.

(a) GRANT AUTHORITY.—The Secretary of the Interior (referred to in this Act as the ''Secretary'') may provide a grant to pay the Federal share of the costs for the construction of a statue of Harry S Truman at Union Station in Kansas City, Missouri.

(b) REQUIREMENTS.—To receive a grant under subsection (a), an eligible entity shall submit to the Secretary a proposal for the use of the grant funds.

(c) MAINTENANCE.—The Federal Government shall not be responsible for the costs of maintaining the statue.

(d) FEDERAL SHARE.—The Federal share of the costs described in subsection (a) shall not exceed $50,000.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this Act $50,000, to remain available until expended.

By Mr. ALEXANDER:

S. 1474. A bill to amend the Head Start Act to designate up to 200 Head Start centers as Centers of Excellence in Early Childhood, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. ALEXANDER. Mr. President, I introduce today a bill to be considered as part of the legislation reauthorizing Head Start. My bill would create a way for states to help strengthen and coordinate Head Start, but would continue to send federal funds directly to grantees for the 19,000 Head Start centers that serve one million disadvantaged children.

My proposal authorizes the Secretary of Health and Human Services to create a nationwide network of 200 Centers of Excellence in Early Childhood built around exemplary Head Start programs. These Centers of Excellence would be nominated by Governors. Each Center of Excellence would receive a Federal bonus grant of at least $100,000 in each of 5 years, in addition to its base funding. And each State would receive a grant to establish and fund a State Council in Early Childhood, which would work with the State Head Start collaboration office to showcase the work of exemplary Head Start centers within a state, capture and disseminate best practices, and identify barriers to and opportunities for coordinated service delivery.

The bill would authorize $100 million for those grants for each of the 5 years.

The Centers of Excellence bonus grants will be used for centers:

(1) to work in their community to model the best of what Head Start can do for at-risk children and families, including getting those children ready for school and ready for academic success;

(2) to coordinate all early childhood services in their community;

(3) to offer training and support to all professionals working with at-risk children;

(4) to track these families and ensure seamless continuity of services from prenatal to age 8;

(5) to become models of excellence by all performance measures and be willing to be held accountable for good outcomes for our most disadvantaged children; and

(6) to have the flexibility to serve additional Head Start or early Head Start children or provide more full-day services to better meet the needs of working parents.

Head Start has been one of our country's most successful and popular social programs. That is because it is based upon the principle of equal opportunity, which is at the core of the American character. Americans uniquely believe that each of us has the right to begin at the same starting line and that, if we do, anything is possible for any one of us.

We also understand that some of us need help getting to that starting line. Most Federal funding for social programs is based upon this understanding of equal opportunity.

Head Start began in 1965 to make it more likely that disadvantaged children would successfully arrive at one of the most important of our starting lines, the beginning of school.

Head Start over the years has served hundreds of thousands of our most at risk children. The program has grown and changed. It has been subjected to debates and studies touting its successes and decrying its deficiencies. But Head Start has stood the test of time because it is so very important.

We have made great progress in what we know about the early growth and development of young children since Head Start began in 1965. At that time very few professionals had studied early childhood education. Even fewer had designed programs specifically for children in poverty.

The origins of Head Start had its roots in an understanding that success for these children was not only about education. The program was designed to be certain these children were healthy, got their immunizations, were fed hot meals, and, of crucial importance that their parents were deeply involved in the program.

From the beginning comprehensive services and parent and community involvement were essential parts of good Head Start programs. And that is still true today. In the early days, teacher training and curriculum were seen as less important. But we now know a great deal more about brain development and how children learn from birth.

Today young children are expected to learn more and be able to do more in order to succeed in school. Public schools offer kindergarten and 40 states now offer early childhood programs.

In addition to the $7 billion spent each year on federal Head Start programs, there are 69 other federal and state programs costing $18 billion a year. The greatest increases have come in private spending as parents seek early childhood development services for their own children.

As Congress approached the 5-year reauthorization of Head Start, President Bush challenged Congress to make a ''good Head Start program excellent.'' The President suggested four objectives for strengthening Head Start:

(1) Improve school readiness by focusing more attention on specific cognitive development;

(2) Increase accountability;

(3) Improve coordination with other programs that serve young children, including public and private schools.

(4) Increase state involvement in strengthening Head Start by transferring federal funding for Head Start to states, with certain criteria and restrictions.

The House of Representatives completed work last week on the reauthorization bill. It is called the School Readiness Act. It made significant progress toward the President's first three objectives: school readiness, accountability, and coordination.

(1) On school readiness, the bill would ensure a greater number of Head Start teachers are adequately trained.

(2) On accountability, the triennial reviews are strengthened by adding unscheduled visits, and chronic underachievers would be subject to a more aggressive review.

(3) On coordination, the bill expands the requirements for the State Head Start Collaboration Offices to coordination.

As for the idea of letting states administer Head Start, the House created a pilot program that would allow eight states to take over Head Start as long as they maintain or improve the level of services.

As the Senate begins its consideration of Head Start, I believe there is consensus about the need to improve school readiness, accountability, and coordination of programs—but no consensus on how to involve the states more actively.

I believe that states should be more involved with Head Start. States have primary responsibility for setting standards for and funding public education. A child who arrives at school too far behind the starting line may never catch up. In addition, the state is in the best position to help coordinate the variety of public and private programs that have grown up since Head Start began.

But the need to involve states does not necessarily mean sending federal dollars first to states and then to Head Start centers. As important as the state is, education and caring for children is primarily local—a community and family responsibility. I believe that in education and in child care local solutions work best.

While Head Start centers are uneven in performance, they have generally excelled in two areas critical to success in caring for and educating children—developing community support and encouraging parental involvement. I do not believe that it would be wise—at least at this stage of the Head Start program—to risk interrupting the strong community support and parental involvement in the 19,000 Head Start centers by transferring funding to the states. There are other and better ways to meet this objective.

That is why I believe creating a nationwide network of 200 Head Start Centers of Excellence in Early Childhood is the right step for the next 5 years. Governors would nominate 149 of these centers. Governors would create or designate a State Council for Early Childhood. Governors could then use these Centers of Excellence and the State Council to encourage other centers to adopt best practices and to improve coordination of programs.

At the federal level additional funds will be made available—$100 million is authorized—for research on the effectiveness of these Centers of Excellence as a strategy for coordination of all early childhood federal and state programs and ensure school success for at-risk children.

In addition, I would hope the President would convene an annual conference of these Centers of Excellence and State Councils to highlight their successes. After four years, we would learn from these activities how state involvement in Head Start might be increased in the next 5-year authorization.

Alex Haley, the author of Roots lived by these six words, ''Find the good and praise it.'' For me that was an invaluable lesson. My mother taught me another invaluable lesson—the importance of preschool education. When I was growing up, she ran a kindergarten in a converted garage in our backyard in Maryville, Tennessee. She helped our community appreciate the value of a good preschool program. I have remembered both lessons in trying to fashion this proposal to bring out the best in Head Start.

The work that the House of Representatives has done on readiness, accountability and coordination—plus the adoption of this proposal for 200 Centers of Excellence in Early Childhood should provide a strong basis for our Head Start reauthorization bill.

The president would have challenged the Congress to improve Head Start in four major respects—readiness accountability, coordination, and state involvement—and he will be able to sign legislation that will do just that.

I ask unanimous consent to have printed in the RECORD a one-page summary of my bill and a copy of the bill itself.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HEAD START CENTERS OF EXCELLENCE IN EARLY CHILDHOOD

What are the objectives for reauthorization? The reauthorization should strengthen Head Start for one million disadvantaged

children in all 19,000 Head Start Centers by improving (1) school readiness, (2) accountability, and (3) coordination with other programs that serve young children, including public and private schools.

What is the proposal? In support of these objectives, to create a nationwide network of 200 Centers of Excellence in Early Childhood built around exemplary Head Start centers. These Centers of Excellence will receive a special grant to serve as a ''magnet'' for teachers and others working with at-risk young children to come, learn, and develop action plans to take back to improve their own practices.

Exactly how would the Centers of Excellence do this? The Centers of Excellence will strengthen Head Start, early childhood programs and public and private schools by: (1) *modeling excellence* in high quality seamless service coordination while achieving measured academic success in pre-literacy, number recognition and school readiness; (2) modeling the use of *effective accountability systems;* (3) coordinating services for low-income children from *prenatal through age 8;* (4) following children who *transition from Head Start* to public or private schools, working with both their parents and their teachers; (5) providing *support and training to teachers and others* working with those low-income children, sharing best practices and dramatically leveraging themselves; (6) having the *flexibility* to serve additional Head Start or Early Head Start children or to provide more full-day services to better meet the needs of working parents.

Who could become a Center of Excellence? All 19,000 Head Start centers would be eligible to apply for five-year designations as a Center of Excellence in Early Childhood.

Who would pick the Centers of Excellence? The Secretary of HHS. One hundred forty-nine (149) of the Centers picked would be selected from among applicants nominated by governors; the other 51 would be picked by the Secretary to try to achieve a goal of one in each state.

What are the criteria for selection? (1) a track record of achieved measured academic success including school readiness, (2) a strong demonstrated ability to work with parents and the community, (3) the ability to serve as a model of high quality seamless service coordination, (4) the ability to provide outreach support and training for teachers in other Head Start programs, and in other early childhood settings and in public and private schools, (5) ability to work in partnership with the State Head Start Collaboration Office.

What would the states' role be in these Centers of Excellence? (1) For 149 of the 200 Centers the Governor's nomination is a necessary part of the application. (2) Each state will receive a grant to establish and fund a State Council in Early Childhood which will work with the Head Start Collaboration Office to tie together the work of exemplary Head Start centers within a state, capture and disseminate emerging best practices and identify barriers to and opportunities for better coordination of service delivery.

How will Centers of Excellence be funded? Each Center of Excellence will receive a five-year grant directly from HHS. These excellence grants are bonus grants and are in addition to the center's base Head Start funding.

What is the total Cost of the Centers of Excellence? $100 million—which includes grants to 200 Centers of Excellence in Early Childhood, the grants to state council as well as the costs of research and HHS administrative costs.

S. 1474

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Head Start Centers of Excellence Act of 2003''.

SEC. 2. CENTERS OF EXCELLENCE IN EARLY CHILDHOOD.

The Head Start Act is amended by inserting after section 641A (42 U.S.C. 9836a) the following:

''SEC. 641B. CENTERS OF EXCELLENCE IN EARLY CHILDHOOD.

''(a) DEFINITIONS.—In this section:

''(1) CENTER OF EXCELLENCE.—The term 'center of excellence' means a Center of Excellence in Early Childhood designated under subsection (b).

''(2) STATE COUNCIL.—The term 'State council' means a State Council for Excellence in Early Childhood described in subsection (e).

''(b) DESIGNATION AND BONUS GRANTS.—The Secretary shall establish a program under which the Secretary shall—

''(1) designate up to 200 exemplary Head Start agencies as Centers of Excellence in Early Childhood; and

''(2) make bonus grants to the designated centers of excellence to carry out the activities described in subsection (d).

''(c) APPLICATION AND DESIGNATION.—

''(1) APPLICATION.—

''(A) IN GENERAL.—To be eligible to receive designation as a center of excellence under subsection (b), a Head Start agency in a State shall be nominated by the Governor of the State and shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

''(B) CONTENTS.—At a minimum, the application shall include—

''(i) evidence that the Head Start program carried out by the agency has improved the school readiness of, and enhanced academic outcomes for, children who have participated in the program;

''(ii) evidence that the program meets or exceeds Head Start standards and performance measures described in subsections (a) and (b) of section 641A, as evidenced by successful completion of programmatic and monitoring reviews, and has no citations for substantial deficiencies with respect to the standards and measures;

''(iii) information demonstrating the existence of a collaborative partnership between the Head Start agency and the Governor's office;

''(iv) a nomination letter from the Governor, demonstrating the agency's ability to carry out the coordination, transition, and training services of the program to be carried out under the bonus grant involved, including coordination of activities with State and local agencies that provide early childhood services to children and families in the community served by the agency; and

''(v) information demonstrating the existence of, or the agency's plan to establish, a local council for excellence in early childhood, which shall include representatives of all the institutions, agencies, and groups involved in the work of the center for and the local provision of services to eligible children and other at-risk children, and their families.

''(2) SELECTION.—In selecting agencies to designate as centers of excellence under subsection (b), the Secretary shall designate at least 1 from each of the 50 States and the District of Columbia.

''(3) TERM OF DESIGNATION.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall designate a Head Start agency as a center of excellence for a 5-year term. During the period of that designation, subject to the availability of appropriations, the agency shall be eligible to receive a bonus grant under subsection (b).

''(B) REVOCATION.—The Secretary may revoke an agency's designation under subsection (b) if the Secretary determines that the agency is not demonstrating adequate performance.

''(4) AMOUNT OF BONUS GRANT.—The Secretary shall base the amount of funding provided through a bonus grant made under subsection (b) to a center of excellence for the center's staff costs on the number of children served at the center of excellence. The Secretary shall make such a bonus grant in an amount of not less than $100,000 per year.

''(d) USE OF FUNDS.—

''(1) ACTIVITIES.—A center of excellence that receives a bonus grant under subsection (b) may use the funds made available through the bonus grant—

''(A) to provide Head Start services to additional eligible children;

''(B) to better meet the needs of working families in the community served by the center by serving more children in Early Head Start programs or in full-working-day, full calendar year Head Start programs;

''(C) to model and disseminate best practices for achieving early academic success, including achieving school readiness and developing preliteracy and prenumeracy skills for at-risk children, and to provide seamless service delivery for eligible children and their families;

''(D) to coordinate early childhood and social services available in the community served by the center for at-risk children (prenatal through age 8) and their families, including services provided by child care providers, health care providers, and providers of income-based financial assistance, and other State and local services;

''(E) to provide training and cross training for Head Start teachers and staff, and to develop agency leaders;

''(F) to provide effective transitions between Head Start programs and elementary school, to facilitate ongoing communication between Head Start and elementary school teachers concerning children receiving Head Start services, and to provide training and technical assistance to providers who are public elementary school teachers and other staff of local educational agencies, child care providers, family service providers, and other providers of early childhood services, to help the providers described in this subparagraph increase their ability to work with low-income, at-risk children and their families; and

''(G) to carry out other activities determined by the center to improve the overall quality of the Head Start program carried out by the agency and the program carried out under the bonus grant involved.

''(2) INVOLVEMENT OF OTHER HEAD START AGENCIES AND PROVIDERS.—Not later than the second year for which the center receives a bonus grant under subsection (b), the center, in carrying out activities under this subsection, shall work with the center's delegate agencies, several additional Head Start agencies, and other providers of early childhood services in the community involved, to encourage the agencies and providers described in this sentence to carry out model programs. The center shall establish the local council described in subsection (c)(1)(B)(v).

''(e) STATE COUNCILS FOR EXCELLENCE IN EARLY CHILDHOOD.—

''(1) ESTABLISHMENT.—The Secretary shall make grants to States to enable the States to establish State Councils for Excellence in Early Childhood. The State council established by a State shall include representatives of Head Start agencies, public elementary schools, providers of early childhood services (including family service providers), and other entities working with centers of

excellence in the State. The State council shall be chaired by a Director of a center of excellence in the State.

''(2) FUNCTIONS.—The State council shall work with the State Head Start Office of Collaboration. The State council shall review and compile information on the work of the centers of excellence in the State, collecting and disseminating information on the findings of the centers, and identifying barriers to and opportunities for success in that work that could be addressed at a State level. The State Head Start Office of Collaboration shall address the barriers and opportunities.

''(f) RESEARCH AND REPORTS.—

''(1) RESEARCH.—The Secretary shall make a grant to an independent organization to conduct research on the ability of the centers of excellence to improve the school readiness of children receiving Head Start services, and to positively impact school results in the earliest grades. The organization shall also conduct research to measure the success of the centers of excellence at encouraging the center's delegate agencies, additional Head Start agencies, and other providers of early childhood services in the communities involved to meet measurable improvement goals, particularly in the area of school readiness.

''(2) REPORT.—Not later than 48 months after the date of enactment of the Head Start Centers of Excellence Act of 2003, the organization shall prepare and submit to the Secretary and Congress a report containing the results of the research described in paragraph (1).

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 2004 and each subsequent fiscal year—

''(1) $90,000,000 to make bonus grants to centers of excellence under subsection (b) to carry out activities described in subsection (d);

''(2) $2,500,000 to pay for the administrative costs of the Secretary in carrying out this section, including the cost of a conference of centers of excellence;

''(3) $5,500,000 to make grants to States for State councils to carry out the activities described in subsection (e); and

''(4) $2,000,000 for research activities described in subsection (f).''.

By Mr. HATCH:

S. 1475. A bill to amend the Internal Revenue Code of 1986 to promote the competitiveness of American businesses, and for other purposes; to the Committee on Finance.

Mr. HATCH. Mr. President, I rise today to introduce legislation to change the way this country taxes business income, whether earned at home or abroad. The bill I am introducing, the ''Promote Growth and Jobs in the USA Act of 2003,'' or the ''Pro Grow USA Act,'' was made necessary because the World Trade Organization has ruled that a significant feature of our current tax system, the Extraterritorial Income Exclusion (or ETI), is an impermissible trade subsidy under WTO rules.

This final WTO ruling followed a similar decision of that body made a few years ago that a previous U.S. tax provision, the Foreign Sales Corporation (or FSC), was also an illegal trade subsidy under the WTO rules. After that first WTO decision, Congress replaced the FSC provision with the ETI provision, which generally replicated the benefits of the FSC to its recipients. Both provisions were designed to help U.S. exporters better compete in the global economy.

Unfortunately, we now find ourselves in the very unpleasant situation of having to repeal the ETI tax benefit. This repeal will cost the exporters of this nation more than $4 billion per year. Failure to repeal it by the end of 2003 could bring upon us trade sanctions by the European Union, which has already been authorized by the WTO to assess these sanctions in an amount exceeding $4 billion per year.

Even though I am not enthusiastic about introducing legislation to repeal that tax benefit, I believe we should make a virtue out of necessity. This is what I am trying to accomplish with this bill. We know we cannot, in a WTO-compliant way, give those lost tax benefits back to the companies that are losing them by the repeal. What we can do, however, is pass tax reform measures to strengthen all American businesses.

I see this as an opportunity to once again make America the world's greatest location to start a business, and the world's greatest location to grow a business.

Today, savings and investment dollars flow around the world at the speed of light, and businesses look all over the world when deciding where to put their global headquarters, their research departments, and their manufacturing operations. We need to take these facts into account when we reform our tax rules, which we now are forced to do. Our goal should be to make the U.S. economy a magnet for greater innovation and greater capital formation.

I believe, that this is the right time to look at how our companies do business overseas, both how they export products abroad and how they expand their operations abroad. And, I believe we should also take this opportunity to examine whether our tax policy can be improved to better help U.S. firms that operate only domestically grow and thrive.

In my view, the ETI repeal has to address the legitimate concerns of both domestic producers and U.S.-based multinationals. Both kinds of companies hire Americans, both kinds of companies make interest payments and dividend payments to Americans, and both kinds of companies pay American taxes.

In response to this situation, Members of Congress have introduced several proposals to repeal and replace the ETI benefit. One leading proposal would create a new, lower tax rate for American manufacturers. While I am certainly not opposed to lowering tax rates on U.S. manufacturers, I am convinced that such a solution, by itself, is not adequate. This is because it ignores the very real problems our tax code presents to U.S. businesses that expand overseas.

As with several of my colleagues on the Finance Committee, I have long been interested in improving our tax rules that govern international transactions. They are woefully out of date and harm the ability of U.S. firms to compete on a global basis. Moreover, the rules are mind numbingly complex.

Legislation I introduced with Senator BAUCUS in 1999 would have gone a long way toward updating and simplifying these laws so they work much better. Some of those provisions were included in a large tax bill that both the Senate and House passed that year that was unfortunately vetoed by President Clinton for reasons unrelated to the international provisions.

Since then, however, there has been a great deal of interest in reforming the international rules, but the opportunities to bring such measures to the floors of the House and Senate have been quite limited, until now. As I mentioned, I believe that the repeal of the ETI represents a rare opportunity to address these much-needed changes.

Another major solution to the ETI repeal and replacement problem is the one taken by Chairman BILL THOMAS of the House Ways and Means Committee in the bill he introduced last Friday. I want to emphasize that while my bill and Chairman THOMAS's bill are very different in many respects, they are very much alike in the approach they take to the problem. Both Chairman THOMAS and I believe it is vital to address the issues presented by both domestic businesses and by multinational firms.

There are three principles underlying my legislation. The first is that as we repeal ETI, we should strive to replace it with provisions that would increase the competitiveness of U.S. companies at home as well as abroad, and that would increase the productivity growth of our economy. I want to increase the ability of all American firms to compete, both those just at home and those that also operate abroad

There is a false notion we hear from time to time that if we make it easier for U.S. companies to operate effectively on a worldwide basis, we are making them more likely to move U.S. jobs abroad. I believe just the opposite is true—that making U.S. firms more competitive worldwide increases the quality and quantity of American jobs.

When companies expand overseas, they likely hire more people at the U.S. headquarters. The R&D jobs, the marketing jobs, management and support jobs—we can have those jobs here, supporting a U.S. company's worldwide operations. I think we should make it easier to grow those kind of good-paying headquarters jobs right here at home.

The second principle is that we ought to simplify the tax code to the extent possible. My bill would do this both in the international arena and in the depreciation rules.

Finally, I want to make it clear that I disagree with the notion that replacing the ETI provision has to be a zero

sum game. The Senate budget resolution calls for nearly $500 billion more in tax cuts outside of budget reconciliation. I believe we should be willing to spend some of this tax cut money to ensure that all American businesses are better able to grow and compete.

Notwithstanding our new deficit projections, I still believe that President Bush and those who support him are on the right track in trying to pass tax cuts to increase economic growth and productivity, combined with spending discipline. One thing is for certain—we will never get out of a deficit mode with the slower growth that comes from tax hikes and more government spending.

I understand the political realities facing the Senate in this, the 108th Congress. I understand that a bill featuring $200 billion or more in additional tax cuts is not likely to attract the kind of bipartisan support it needs in order to be marked up in the Finance Committee and to make it to the floor of the Senate.

Therefore, my goal in introducing this legislation is threefold. First, I hope to help convince my colleagues of the importance of meeting our WTO obligations this year, by repealing the ETI provision. As our economy struggles to shake off the last recession, the last thing we need is to impose large and onerous trade sanctions upon it.

Second, I want to expand the options on the table for the Finance Committee to consider when we start putting the bill together this autumn. Even in a revenue neutral environment, the ideas put forward by my bill should provide many additional choices for the Committee to consider.

Finally, I hope that by introducing this legislation, we will end up with a final bill that will be more beneficial to U.S. domestic and U.S.-based multinational companies and their workers. In my view, we simply cannot afford to focus on just workers for domestic companies or just on employees of global companies. We need both for our long-term prosperity.

The bill I am introducing today has four major components. First, of course, it repeals the ETI provision and provides three years of generous transition relief. When a representative of the U.S. Trade Representative's office testified before the Finance Committee a few weeks ago, I asked him what the appropriate phase-out of the ETI benefit might be, so as not to trigger the trade sanctions by the E.U. In reply to my question, he stated that he believed the Europeans would view one or two years as a normal and expected phase out period.

On the other hand, the USTR official indicated that he believed that a longer period of, four or five years I believe he said, would definitely cause some real concern on the part of the Europeans. Therefore, I included a three-year phaseout of the ETI benefit in my bill. Specifically, the benefits of the ETI exclusion would be phased out at the rate of 25 percent in 2004, 50 percent in 2005, 75 percent in 2006, and no benefits in 2007 and thereafter.

Second, the bill contains a substantial international tax reform title. Our international tax system is based on two key principles, neither of which work very well in practice under our current outdated laws. The first principle is that U.S. companies that pay income tax to other countries should not be double taxed on that income. The second principle is that companies engaged in active overseas businesses should not pay tax on that income until it is returned to the U.S. parent corporation. Our current rules violate these principles again and again, and I think it's time to return to these principles.

For example, our foreign base company tax rules, which make it expensive for companies to create an overseas regional marketing and distribution network for U.S. products, are an anachronism. They hurt U.S. exports, and need to be fixed. But we are told that repealing these rules would cost the Treasury too much revenue, and that they may open up opportunities for transfer pricing abuses.

Recognizing this revenue concern, I am proposing to allow a repeal of the foreign base company rules as long as the base company is in a country with which we have a comprehensive tax treaty, or when the U.S. parent has an advanced pricing agreement in place with the IRS. These backstops should reduce these concerns about base company repeal.

Further, I want to open a debate on the merits of a territorial tax system. I want to open that debate by proposing an expansion of the temporary dividend repatriation proposal that some of my colleagues have embraced, and that I myself voted for in the Finance Committee and on the floor. While I believe that such a temporary provision has merit from an economic stimulus standpoint, I have real tax policy concerns about it.

Therefore, in my bill I propose a permanent, reduced corporate tax rate of 5.25 percent to companies that repatriate foreign earnings to the U.S., as long as they spend that money on higher levels of business equipment and research expenditures. Overseas profits can pay for new machines, new research, and better jobs right here at home, and multinational businesses will be given a strong incentive in my bill to invest in such economically positive activities. I hope that my colleagues will give serious consideration to this proposal.

In the 107th Congress, Senator BREAUX and I introduced S. 1475, a bill to provide an appropriate and permanent tax structure for investments in the Commonwealth of Puerto Rico and the possessions of the United States. That bill would have allowed subsidiaries of U.S. companies incorporated in Puerto Rico and the U.S. possessions to repatriate active business income earned in these jurisdictions at the equivalent of a 5.25 percent tax rate.

As I just mentioned, the bill I am introducing today would provide generally comparable treatment for U.S. subsidiaries incorporated in all foreign jurisdictions, including Puerto Rico and the U.S. possessions, to the extent the companies invested those repatriated earnings on higher levels of business equipment and research.

As a result of expanding the scope of last year's bill, I recognize that U.S. companies might not be encouraged to invest in Puerto Rico and the U.S. possessions as compared to any foreign country. Since 1921, the United States has accorded preferential tax treatment to the business operations of U.S. companies in Puerto Rico and the U.S. possessions. This tax treatment offsets U.S. regulatory mandates—such as minimum wage and environmental and safety regulations—and has supported Puerto Rico's industrial development program, which has resulted in an increase in Puerto Rico's per capita income from 16 percent of the U.S. average in 1948 when the industrial incentives program began, to 32 percent today.

I remain concerned about the economic development of Puerto Rico and the U.S. possessions and therefore will continue to support separate legislation that supports employment and economic opportunity for American citizens living in the Commonwealth and the possessions.

The third section of my bill extends and expands the research credit on a permanent basis. This provision is identical to the bill that Senator BAUCUS and I introduced earlier this year. And as many of my colleagues know, a permanent research credit enjoys significant bipartisan support here in the Senate, both on and off the Finance Committee.

Finally, the bill offers real depreciation reform. The bill offers three years of complete expensing of business equipment and leasehold improvements. It builds on the bonus depreciation incentives we included in both the 2002 stimulus tax cut bill and the growth tax cut bill we passed earlier this year.

Essentially, all the same kinds of assets that qualified for the bonus depreciation benefits in those two bills would now qualify for 100 percent immediate expensing under this bill. Moreover, the bill would extend the Section 179 expensing provision for small businesses by one full year. Economists tell us that what this recovery lacks is capital spending by business. By building on the incentives we passed in the earlier tax bills, we can get capital spending moving again. This will lead to higher productivity and higher wages.

I would like to comment on more aspects of the depreciation section of my bill. I have been told by some of my business constituents in Utah that the bonus depreciation provisions are not

helpful to them. This is because those companies are currently suffering losses and have no current taxable income. Moreover, some of these businesses have been having difficulties for so long that they have no recent year when tax was paid to which they may carry back a net operating loss.

One tax attribute that many of these companies do have, however, is prepayment credits under the Alternative Minimum Tax. As many of my colleagues know, the AMT has the perverse effect of hurting companies when business conditions are poor, thus exacerbating an already difficult financial situation. So, unprofitable companies often find themselves continuing to pay the alternative minimum tax.

In order to assist companies like the ones I described, my bill includes a provision that would allow a taxpayer to elect to forego the expensing of newly acquired business property and instead to effectively monetize their corporate alternative minimum tax credits to that extent. This simple proposal bestows no new tax benefits on these companies, but rather delivers the full expensing provision at the time it is most needed by the company and in the economy generally.

Moreover, this provision helps to equalize the tax treatment between fully taxable companies that can take full advantage of tax incentives and their less fortunate competitors that cannot at the present fully utilize those benefits. Having Congress assist those companies who are enjoying good times at the expense of those who are struggling is not in the best interest of this nation.

I hope this bill will make a positive contribution to the debate in both the Senate and the House. And, I hope the final ETI repeal and replacement bill that the President signs will be more beneficial to more domestic and multinational companies because of the ideas we are proposing.

Finally, I hope that throughout this debate, as accusations and proposals fly back and forth regarding how best to help the U.S. economy, we keep our eyes on the real goal—keeping America's workers the most productive in the world, whether they work in an office park or in a factory. And as the 1990s proved beyond doubt, high productivity and lower unemployment rates can easily go hand in hand. As we saw in the 1990s, higher productivity is the key to higher wages and better jobs.

I ask unanimous consent that a section-by-section summary of my bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ETI REPEAL AND REPLACEMENT BILL—PROMOTE GROWTH & JOBS IN THE USA (PRO GROW USA) ACT OF 2003

SECTION-BY-SECTION DESCRIPTION

Title I—Repeal ETI & Provide Transition Relief

Section 101. Repeal of exclusion for extraterritorial income.

Provides for repeal of ETI regime with three years of transition relief, (i.e., 75 percent of current benefit in 2004, 50 percent in 2005, and 25 percent in 2006).

Title II—Simplification of Rules Relating to Taxation of U.S. Businesses Operating Abroad

Subtitle A—Treatment of Controlled Foreign Corporations

Section 201. Exceptions from foreign base company sales and services income rules.

Provides for repeal of the foreign base company sales and services income rules for income derived either from transactions covered by an Advanced Pricing Agreement with IRS (APA) or from transactions with countries with whom the U.S. has a comprehensive income tax treaty and exchange of information program, excluding Barbados. Provides that transactions in which an APA would not apply will not trigger subpart F income in any case. This provision allows companies to centralize their offshore marketing and sales operations in one country without triggering current U.S. tax.

Section 202. Look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company income rules.

Dividends, interest, rents, and royalties received by one CFC from a related CFC would not be treated as foreign personal holding company income to the extent attributable to non-subpart F earnings of the payor. Under current law, many companies can already achieve this result through the use of hybrid branches. This provision would simplify the subpart F rules and reduce the expense of international tax planning.

Section 203. Look-thru treatment for sales of partnership interests.

Treats the sale of a partnership interest by a CFC as the sale of a proportionate share of partnership assets for purposes of determining foreign personal holding company income under subpart F.

Section 204. Repeal of foreign personal holding company rules and foreign investment company rules.

Eliminates redundancy in the U.S. tax code. Recommended by the Joint Committee on Taxation, in its simplification study.

Section 205. Clarification of treatment of pipeline transportation income.

Foreign base company oil-related income would not include income derived from a source within a foreign country in connection with the pipeline transportation of oil or gas within such foreign country. Pipeline transportation income is not mobile income, and the arms-length price of such income is readily determined.

Section 206. Permanent extension and modification of Subpart F exemption for active financing.

Permanently extends the subpart F exemption for active financing income, currently due to expire January 1, 2007. This provision first became law in 1997, and accords with the underlying policy that income earned by a domestic parent corporation from active foreign operations conducted by foreign corporate subsidiaries generally is subject to U.S. tax only when repatriated. Until such repatriation, the U.S. tax on such income is generally deferred. In addition, for purposes of defining ''qualified banking or financing income'' (under section 954(h)(3)), activities conducted by employees of certain related persons are treated as conducted directly by an eligible CFC or qualified business unit in its home country.

Section 207. Expansion of de minimis rule under subpart F.

Expands Subpart F de minimis rule to be the lesser of 5 percent of gross income or $5 million. Current law threshold is 5 percent of gross income or $1 million. Recommended by the Joint Committee on Taxation in its simplification study, this provision would simplify tax planning for small- and medium-sized companies just starting their overseas operations.

Section 208. Modification of interaction between Subpart F and PFIC rules.

Adds an exception to the rules governing the overlap of the Subpart F and passive foreign investment company rules for U.S. shareholders that face only a remote likelihood of incurring a Subpart F inclusion in the event that a CFC earns Subpart F income, thus preserving the potential application of the passive foreign investment company rules in such cases. Recommended by the Joint Committee on Taxation in its Enron report. This provision would raise a small amount of revenue.

Section 209. Determination of foreign personal holding company income with respect to transactions in commodities.

Allows a company to hedge its commodities without triggering Subpart F as long as the company uses these commodities in the course of its business. Since hedging allows companies to lock in long-term prices on commodities with fluctuating spot-market prices, this hedging simplifies long-run business planning, and is an integral part of a company's active operations.

Section 210. Repeal of foreign base company shipping income rules.

Foreign base company shipping rules are repealed outright. The proposal also relaxes the ''active rents'' test under subpart F for rents derived from aircraft or vessels. Requires the CFC receiving such rental income to be actively in the business of renting or leasing such aircraft or vessels. The current ''active rents'' test, by looking at the CFC's active leasing expense rather than its actual activity, sets too high a bar for companies leasing aircraft and vessels.

Section 211. Reduced tax on repatriated earnings previously exempt from tax under Subpart F.

Allows companies to repatriate overseas profits at a reduced tax rate as long as those funds are spent to increase U.S. innovation. Specifically, reduces the tax on repatriated earnings by 85 percent, to a 5.25 percent rate, to the extent that a company's spending on equipment and research exceeds an ''innovation baseline.'' The innovation baseline is defined as 85 percent of the average spending on equipment and research over the past three years. This permanent provision encourages companies to repatriate overseas profits that would otherwise likely remain offshore.

Subtitle B—Provisions Relating to Foreign Tax Credit

Section 221. Interest expense allocation rules.

Modifies current-law interest expense allocation rules by providing a one-time election for the common parent of an affiliated group to allocate and apportion interest expense of domestic members of a worldwide affiliated group on a worldwide-group basis and allows a one-time election for financial subgroups to allocate interest expense by applying fungibility principles on a worldwide basis. Current interest allocation rules assume that money borrowed in the U.S. is used in overseas operations, and thereby reduces reported foreign source income. This may artificially reduce the foreign tax credit limitation, even for companies that have paid substantial foreign taxes.

Section 222. Extension of period to which excess foreign taxes may be carried.

Allows a 20-year carryforward of foreign tax credits. Extending the carryforward from five years to 20 years allows companies more opportunities to avoid double taxation.

Section 223. Ordering rules for foreign tax credit carryforwards.

Reorders the utilization of foreign tax credits so that credits carried from prior years would be used before current year credits under a first-in-first-out rule, instead of the current-law last-in-first-out rule. By allowing companies to use their oldest foreign tax credits first, this provision would reduce the possibility of double taxation.

Section 224. Repeal of limitation of foreign tax credit under alternative minimum tax.

Eliminates the arbitrary and unfair 10 percent haircut on foreign tax credits that can be applied to the alternative minimum tax.

Section 225. Look-thru rules to apply to all dividends from noncontrolled section 902 corporations.

Current law provides look-through treatment to dividends from section 902 corporations for dividends paid out of earnings and profits accumulated from 2003 onward. This provision gives such treatment to all dividends, regardless of the year the earnings and profits from which a dividend is paid were accumulated. The current rules for dividends from section 902 corporations are complex and result in compliance burdens for taxpayers; this provision would simplify the Code and remove these burdens. This proposal is based on a Joint Committee on Taxation recommendation.

Section 226. Reduction to 2 foreign tax credit baskets.

Reduces number of foreign tax-credit baskets to two: General Category Income and Typically-Low-Taxed Income (TyLT). The TyLT tax basket would include income from the eliminated passive, shipping, and DISC/FSC baskets. The General Category Income basket would include income from the old general limitation basket, as well as income from the high withholding interest income and financial services income baskets. The current-law division of income into multiple baskets is a leading source of tax complexity.

Section 227. Recharacterization of overall domestic loss.

Allows companies with an overall domestic loss to more easily use their foreign tax credits. This proposal would provide symmetry in the treatment of U.S. and foreign losses for foreign tax credit limitation purposes. Current law makes it difficult for companies to use these credits when they have overall domestic losses.

Section 228. Repeal of special rules for applying foreign tax credit in case of foreign oil and gas income.

Repeals special rules for applying foreign tax credits in the case of foreign oil and gas income. Current law places special restrictions on foreign tax credits derived by the foreign oil and gas extraction industry.

Section 229. Increase in individual exemption from foreign tax credit limitation.

Increases the current exemption from the foreign tax credit limitation for certain individuals under section 904(j) from $300, $600 in the case of a joint return to $500, $1,000 in the case of a joint return, and indexes those amounts for inflation. This simplifies tax filing for individual investors who hold small amounts of foreign investments.

Section 230. U.S. property not to include certain assets of CFCs.

Reforms the rules regarding investments in U.S. property by CFCs so that ''U.S. property'' does not include certain securities acquired and held by a CFC in the ordinary course of its business as a dealer in securities.

Section 231. Attribution of stock ownership through partnerships to apply in determining section 902 and 960 credits.

For foreign tax credit purposes, allows stock owned indirectly through a partnership to be treated as proportionately owned by the partners. By allowing foreign tax credits to pass through to partners, potential for double taxation is reduced. Recommended by the Joint Committee on Taxation in its simplification study.

Section 232. Provide equal treatment for interest paid by foreign partnerships and foreign corporations.

Provides foreign partnerships with the same sourcing treatment on interest payments as foreign corporations. Current law states that if a foreign partnership has any U.S. operations, then any interest paid by that partnership is U.S. source. By contrast, for foreign corporations with U.S. branch operations, only interest payments from the U.S. branch are U.S. source.

Section 233. Application of look-thru rules to interest, rents, and royalties.

Applies look-through rules to interest, rents, and royalties received or accrued from noncontrolled 902 corporations and entities that would be CFCs if they were foreign corporations.

Section 234. Clarification of treatment of certain transfers of intangible property.

This resolves an uncertainty that arose in connection with changes made to section 367(d) in 1997.

Subtitle C—Other Provisions

Section 251. Application of uniform capitalization rules to foreign persons.

Requires the use of U.S. generally accepted accounting principles rather than UNICAP rules for purposes of determining earnings and profits as well as subpart F income. For most firms, this will prevent companies from having to keep accounting books in both UNICAP and GAAP formats. This simplification proposal was recommended by the Joint Committee on Taxation in its simplification study.

Section 252. Treatment of certain dividends of regulated investment companies.

Exempts from U.S. withholding tax certain dividends received by nonresident alien individuals or foreign corporations from a regulated investment company. Such exemption would apply to dividends paid out of short-term capital gains and interest income that would itself be exempt from withholding.

Section 253. Repeal of withholding tax on dividends from certain foreign corporations.

Extends an exemption from the withholding tax to dividends paid by certain foreign corporations. Recommended by the Joint Committee on Taxation in its simplification study.

Section 254. Airline mileage awards to certain foreign persons.

Grants Treasury authority to exempt from the air travel excise tax amounts attributable to mileage awards issues to persons outside the United States.

Section 255. Interest payments deductible where disqualified guarantee has no economic effect.

Eliminates the limitation for the deduction of interest as a result of section 163(j) for interest payments on debt guaranteed by a foreign person as long as the taxpayer establishes that it could have borrowed the same amount of debt from an unrelated lender without a guarantee. The Secretary would be granted authority to disregard such a showing if the terms of the loan are substantially dissimilar. This proposal properly focuses the U.S. earnings stripping rules on the realm of possible abuse: related party debt.

Section 256. Modifications of reporting requirements for certain foreign-owned corporations.

Creates de minimis exception for reporting, and provides companies a 60–day window for translating documents into English.

Section 257. Repeal of tax on certain U.S. source capital gains of nonresident aliens.

Repeals the tax on net U.S. source capital gains of nonresident alien individuals present in the U.S. for 183 days or more during a taxable year. Recommended by the Joint Committee on Taxation in its simplification study.

Section 258. Election not to use average exchange rate for foreign tax paid other than in functional currency.

Allows companies an election to use the effective exchange rate on the day of payment rather than an annual average exchange rate. Exchange rates in many countries are volatile, which can turn an annual average rate into an inaccurate indicator of taxable income.

Section 259. Study of impact of international tax laws on taxpayers other than large corporations.

The Secretary of the Treasury shall conduct a study regarding the impact of the international tax rules on smaller taxpayers, in particular regarding the compliance burden on such taxpayers. The study shall set forth suggestions of how the compliance burden could be reduced for smaller taxpayers. Not later than 180 days after the date of enactment, the Secretary shall submit to the Congress a report of such study.

Title III—Credit for Increasing Research Activities, provisions are identical to S. 664, the Hatch-Baucus research credit bill, which enjoys the bipartisan support of 30 senators.

Section 301. Permanent extension of research credit.

The research credit, which is scheduled to expire on June 30, 2004, would be extended permanently.

Section 302. Increase in rates of alternative incremental credit.

The rates of the current-law alternative incremental credit, which is elective, would be increased as follows:

Tier One, qualified research expenditures (QREs) in excess of 1.0 percent of base amount,—increase from 2.65 percent to 3 percent.

Tier Two, QREs in excess of 1.5 percent of base amount,—increase from 3.2 percent to 4 percent.

Tier Three, QREs in excess of 2.0 percent of base amount,—increase from 3.75 percent to 5 percent.

Section 303. Alternative simplified credit for qualified research expenditures.

The proposed alternative simplified credit (ASC) would provide a meaningful incentive for companies to perform R&D activities in the United States as opposed to other countries that provide more substantial incentives for such activities. The ASC is an elective credit that equals 12 percent of the excess of current-year qualified research expenses (''QREs''), as defined under section 41(b), over 50 percent of the taxpayer's average QREs for the prior three years. For start-up taxpayers, the credit would equal 6 percent of current-year QREs.

The election, once made, would apply for taxable years ending after the date of enactment, and all subsequent taxable years, unless revoked with the consent of the Secretary of Treasury. Taxpayers that have previously elected the Alternative Incremental Research Credit (AIRC) could apply the new computational rules or continue to calculate the credit under the AIRC rules.

Title IV—Reform of Depreciation of Business Property

Section 401. 100 percent expensing for certain property through 2006.

Provides immediate write-off for all business equipment and leasehold improvements, the same property which benefits from the

2002 and 2003 Tax Acts' bonus depreciation provisions. Effectively, this provision would expand the bonus deprecation to 100 percent and extend it through 2006.

Section 402. One-year extension of expensing for small businesses.

The expansion of section 179 (allowing small businesses to immediately write off their business property) is extended through 2006, rather than expiring at the end of 2005 as is now the law.

Section 403. Election to increase minimum tax credit limitation in lieu of bonus depreciation.

Would allow taxpayers making investments in business equipment and leasehold improvements (which would otherwise qualify for immediate expensing under Section 401) to elect to claim accumulated AMT credits in lieu of claiming immediate expensing. Specifically, a taxpayer making the election would forego the expensing and would either reduce its current-year regular or minimum tax liability or be allowed an unlimited carryback of AMT credits in an amount not to exceed the amount of foregone expensing multiplied by 0.35, i.e., the assumed corporate tax rate. The provision would expire at the same time as the expensing provision. Taxpayers making the election would not reduce the basis of eligible property and the depreciation adjustments of the AMT would not apply to such property. Provision would expire at the end of 2006.

By Mr. HARKIN (for himself and Mr. DAYTON):

S. 1476. A bill to amend the Internal Revenue Code of 1986 to encourage investment in facilities using wind to produce electricity, and for other purposes; to the Committee on Finance.

Mr. HARKIN. Mr. President, I am introducing today the Wind Power Tax Incentives Act of 2003. I am pleased to be joined by Senator DAYTON. This legislation makes it easier for farmers and others around the country to invest in wind power for commercial electricity production. Wind power is a clean, economical, and reliable source of renewable energy abundant on farms and in rural areas in Iowa and elsewhere.

With this legislation we can help farmers help themselves by developing a new source of income, and help the rest of the country in the production of renewable energy. Farmers are ready to take on this effort. A recent study found that 93 percent of corn producers support wind energy generally. They also strongly support the farm bill's historic energy title.

This bill complements the farm bill's energy programs and other wind power initiatives currently being considered by this body. The bill would make changes to Federal tax law to make the section 45 wind production tax credit more widely available to farmers, farm cooperatives, and other investors. Section 45 of Federal tax law provides a tax credit, currently 1.8 cents per kiowatthour, for electricity actually produced and sold during the first ten years of the life of a wind turbine. The credit has been extraordinarily successful in spearheading the installation of new wind power capacity by utilities and in bringing down the cost of this sustainable energy source to consumers. However, certain barriers have prevented wide use by farmers and other investors.

It's time to take the next step and help our family farmers and other investors benefit from the credit as well. Our legislation does this by making three changes to the tax code. First, under current tax law most losses, deductions, and credits from passive investments cannot be used to reduce taxes on wages or other income. So a farmer who passively invested in wind energy could not use the tax credits to offset taxes on farm income. This bill creates an exception to passive loss restrictions for an interest in a wind facility that qualifies for the section 45 credit. The wind facility's loss or tax credits could then offset the income or taxes on the taxpayer's farming business. Similar exceptions currently apply to oil and gas investments. To prevent potential abuse by wealthy taxpayers, the exception is limited to taxpayers with income under $1 million.

Second, under current law individual and corporate taxpayers are subject to an alternative minimum tax (AMT) if their tax rates fall below certain levels. Taxpayers subject to an AMT cannot currently use the section 45 wind tax credit. This bill allows a farmer or other taxpayer who invests in a wind electric generating facility to use the resulting tax credit against the taxpayer's alternate minimum tax (AMT). Similar provisions already exist for several other tax credits. Again, this provision is limited to taxpayers with income under $1 million.

Third, the bill allows cooperatives to invest in qualified wind facilities and pass through the section 45 credits to cooperative members. This will allow farmers to join together and pool their resources in a cooperative and still take advantage of the credit.

The benefits of this legislation are obvious. Increased renewable energy production lessens our dependence on foreign oil, provides environmental and public health gains, bolsters farm income, creates jobs and boosts economic growth, especially in rural areas. The Nation must move toward energy independence, and domestically produced wind power, along with other forms of renewable energy like biofuels, play an important part in this endeavor.

I want to thank Senator DAYTON for co-sponsoring this legislation with me. His leadership in this area will be instrumental to moving the bill forward. I am hopeful we can pass this legislation soon to help secure a brighter future for our Nation's farmers and fellow citizens.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1476

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Wind Power Tax Incentives Act of 2003 ''.

SEC. 2. OFFSET OF PASSIVE ACTIVITY LOSSES AND CREDITS OF AN ELIGIBLE TAXPAYER FROM WIND ENERGY FACILITIES.

(a) IN GENERAL.—Section 469 of the Internal Revenue Code of 1986 (relating to passive activity losses and credits limited) is amended by redesignating subsections (l) and (m) as subsections (m) and (n) and by inserting after subsection (k) the following new subsection:

''(l) OFFSET OF PASSIVE ACTIVITY LOSSES AND CREDITS FROM WIND ENERGY FACILITIES.—

''(1) IN GENERAL.—Subsection (a) shall not apply to the portion of the passive activity loss, or the deduction equivalent (within the meaning of subsection (j)(5)) of the portion of the passive activity credit, for any taxable year which is attributable to all interests of an eligible taxpayer in qualified facilities described in section 45(c)(3)(A).

''(2) ELIGIBLE TAXPAYER.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'eligible taxpayer' means, with respect to any taxable year, a taxpayer the adjusted gross income (taxable income in the case of a corporation) of which does not exceed $1,000,000.

''(B) RULES FOR COMPUTING ADJUSTED GROSS INCOME.—Adjusted gross income shall be computed in the same manner as under subsection (i)(3)(F).

''(C) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as a single taxpayer for purposes of this paragraph.

''(D) PASS-THRU ENTITIES.—In the case of a pass-thru entity, this paragraph shall be applied at the level of the person to which the credit is allocated by the entity.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to facilities placed in service after the date of the enactment of this Act.

SEC. 3. CREDIT FOR WIND ENERGY FACILITIES OF AN ELIGIBLE TAXPAYER ALLOWED AGAINST MINIMUM TAX.

(a) IN GENERAL.—Section 38(c) of the Internal Revenue Code of 1986 (relating to limitation based on amount of tax) is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) SPECIAL RULES FOR WIND ENERGY CREDIT.—

''(A) IN GENERAL.—In the case of the wind energy credit of an eligible taxpayer—

''(i) this section and section 39 shall be applied separately with respect to such credit, and

''(ii) in applying paragraph (1) to the credit—

''(I) the tentative minimum tax shall be treated as being zero, and

''(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the wind energy credit).

''(B) WIND ENERGY CREDIT.—For purposes of this subsection, the term 'wind energy credit' means the portion of the renewable electric production credit under section 45 determined with respect to a facility using wind to produce electricity.

''(C) ELIGIBLE TAXPAYER.—For purposes of this paragraph, the term 'eligible taxpayer' has the meaning given such term by section 469(l)(2).''

(b) CONFORMING AMENDMENTS.—Paragraphs (2)(A)(ii)(II) and (3)(A)(ii)(II) of section 38(c) of such Code are each amended by inserting ''or wind energy credit'' after ''employee credit''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 4. APPLICATION OF CREDIT TO COOPERATIVES.

(a) IN GENERAL.—Section 45(d) of the Internal Revenue Code of 1986 (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

''(8) ALLOCATION OF CREDIT TO SHAREHOLDERS OF COOPERATIVE.—

''(A) ELECTION TO ALLOCATE.—

''(i) IN GENERAL.—In the case of a cooperative organization described in section 1381(a), any portion of the credit determined under subsection (a) for the taxable year may, at the election of the organization, be apportioned pro rata among shareholders of the organization on the basis of the capital contributions of the shareholders to the organization.

''(ii) FORM AND EFFECT OF ELECTION.—An election under clause (i) for any taxable year shall be made on a timely filed return for such year. Such election, once made, shall be irrevocable for such taxable year.

''(B) TREATMENT OF ORGANIZATIONS AND PATRONS.—The amount of the credit apportioned to any shareholders under subparagraph (A)—

''(i) shall not be included in the amount determined under subsection (a) with respect to the organization for the taxable year, and

''(ii) shall be included in the amount determined under subsection (a) for the taxable year of the shareholder with or within which the taxable year of the organization ends.

''(C) SPECIAL RULES FOR DECREASE IN CREDITS FOR TAXABLE YEAR.—If the amount of the credit of a cooperative organization determined under subsection (a) for a taxable year is less than the amount of such credit shown on the return of the cooperative organization for such year, an amount equal to the excess of—

''(i) such reduction, over

''(ii) the amount not apportioned to such shareholders under subparagraph (A) for the taxable year,

shall be treated as an increase in tax imposed by this chapter on the organization. Such increase shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this subpart or subpart A, B, E, or G.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

By Mr. CORZINE (for himself, Mr. LAUTENBERG, Mr. SCHUMER, and Mrs. CLINTON):

S. 1477. A bill to posthumously award a Congressional gold medal to Celia Cruz; to the Committee on Banking, Housing, and Urban Affairs.

Mr. CORZINE. Mr. President, I rise to honor the magnificent life, and the legacy, of Celia Cruz, and to introduce legislation to award her posthumously our Nation's highest civilian award, the Congressional Gold Medal. This award would be an appropriate tribute to Ms. Cruz's life, given her innumerable accomplishments in the world of entertainment, her work as an ambassador of Latino culture, and her many contributions to American society.

Celia de la Caridad Cruz Alonso was born on October 21 during the 1920's. She died on July 17, 2003, at her home in Fort Lee, NJ.

Over a prolific 50-year career as an entertainer, Celia Cruz, the ''Queen of Salsa,'' recorded more than 50 albums. Each was a showcase of her talent, flair, and the passion she brought to her work. Her collaborative efforts ranged from work with legendary salsa artist Tito Puente, pop star David Byrne, and hip-hop producer Wyclef Jean. Through those cross-cultural efforts, Cruz's music reached over four generations of fans, and helped break down ethnic and cultural barriers.

Celia Cruz's gifts as an entertainer were recognized throughout the world, and she won hundreds of awards, most notably a 1990 Grammy Award and Billboard Magazine's ''Lifetime Achievement Award'' in 1995. In 1994, Ms. Cruz was recognized by President Clinton with a National Endowment of the Arts award.

While best known for her work as an entertainer, Celia Cruz was much more than a singer to her fans, especially to Latinos in America. She touched the lives of millions. The outpouring of sorrow that accompanied the news of her passing underscores that point. More than 100,000 people turned out to pay their respect, and honor the memory of Celia Cruz at her wake in Miami, FL. More than 75,000 people lined the streets of Manhattan—some crying, many singing and fondly recalling Ms. Cruz's life—as her funeral procession made its way from the St. Patrick's Cathedral.

The enormous outpouring of support that accompanied news of the death of Celia Cruz provides some indication about the special nature of this amazing woman. Her story is that of a girl from meager means in Havana, Cuba who eventually grew up to become a ''queen.''

Celia Cruz was one of 14 children raised in Havana's Santa Suarez district. As a child, she could be heard by neighbors as she sung her siblings to sleep. She received her first award in a competition on the talent show La Hora Del Té on Radio García Serrá, in which she won first prize.

Her first break came in 1950 when she took over as the lead singer with Cuba's Sonora Matancera. Cruz's first recording was a 78 rpm single released with Sonora Matancera in January 1951, entitled ''Cao Cao Mani Picao''.

On July 15, 1960, Cruz and members of her band fled Cuba for the United States, to escape the regime of Fidel Castro. They were able to get out by convincing Castro's officials that the group was simply going on another tour abroad. Enraged by the singer's choice to pursue freedom, Castro never forgave Cruz for this and refused to let Celia return to Cuba—even as her mother was sick and when her father passed away.

In the 60's, Celia Cruz and Pedro Knight, her husband and a member of the band, decided to make America their permanent home and Celia Cruz became a citizen of the United States.

During that time, Celia Cruz transformed from a gifted, charismatic Cuban-American singer to a woman who would become the ''Queen of Salsa.''

In 1966, she teamed up with the legendary Tito Puente and together they released eight albums. Although her classic style, the origins of salsa, did not immediately appeal to Latin youth during the 1960's, Celia Cruz returned with a vengeance after a stint in the Operetta ''Hommy,'' in the early 1970's.

By 1973, Latin pride had begun to take hold in American cities with large Latino communities—particularly in New York, New Jersey and Florida.

In New York, Latin musicians had begun to mix classical musical styles from Puerto Rico, such as Bomba and Plena, with classical musical styles from Cuba, such as Mambo and Son, combining them with the trombone for a more urban sound. This combination created what is now known as salsa—and Celia Cruz was a pioneer of the genre.

Ms. Cruz signed with Fania Records, one of the major salsa record labels of the time, and in the summer of '74 released Celia & Johnny, the first in a series of collaborations with Johnny Pacheco. Building upon the success of these albums, Cruz then recorded albums with other top leaders on the Fania roster, like Willie Colón, Papo Lucca and Ray Barretto, whose bands each had their own trademark sound. She toured with the Fania until 1988.

While Latin music has historically been predominately dominated by male artists the talent of Celia Cruz could not be ignored. Her flamboyant clothing, charismatic presence, proud voice and her trademark ''Azuuuuuuuuuuuucar!'' tag line became legendary.

In addition to her lucrative recording career, Cruz also had roles in several American films such as Salsa, the Mambo Kings and the Perez Family. She was a true pioneer.

As I mentioned earlier, Celia Cruz received hundreds of awards as a result of her contributions to music, most notable the Grammy Award and the National Endowment of the Arts Award from President Clinton. Her contributions to society and her contributions to Latino culture have also been well recognized. Among those the Presidential Medal in Arts from the Republic of Colombia and the Hispanic Heritage Award's Lifetime Achievement Award.

Other notable recognitions bestowed upon Ms. Cruz include an honorary Doctorate of Music from Yale, a star on Hollywood's ''Walk of Fame,'' and the keys to the cities of Union City, NJ; Miami, FL; Dallas, TX; and New York City.

Those recognitions are all noteworthy, and the life of Celia Cruz warrants each and every one of them. But of the hundreds of awards won by Celia Cruz, there is one award that she did not receive, but most certainly deserves the Congressional Gold Medal.

This award is considered our Nation's highest civilian honor, and has been

awarded to a rare and esteemed group of individuals. Notable recipients include George Washington, Sir Winston Churchill, Bob Hope, Robert Frost, Joe Louis, Mother Teresa, and most recently Tony Blair.

The standards for considering legislation authorizing Congressional Gold Medal state that, among other things, ''the recipient shall have performed an achievement that has an impact on American history and culture that is likely to be recognized as a major achievement in the recipient's field long after that achievement.''

Celia Cruz, music pioneer and the acknowledged ''Queen of Salsa,'' certainly fits the criteria to receive the Congressional Gold Medal. Celia Cruz, ambassador of Latin culture, impassioned voice of freedom, and American is what the Congressional Gold Medal is about.

This award would properly honor the legacy, and the life, of Celia Cruz. I urge my colleagues to support this important legislation, and ask unanimous consent that the text of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Congressional Tribute to Celia Cruz Act''.

SEC. 2. FINDINGS.

Congress finds that—

(1) Celia de la Caridad Cruz Alonso was raised as one of 14 children in the Santa Suarez district of Havana, Cuba;

(2) in 1960, Cruz and members of her band fled Cuba for the United States to escape the oppressive regime of Fidel Castro;

(3) Celia Cruz and Pedro Knight, her husband of 40 years, chose to make America their permanent home, where she became a naturalized American citizen;

(4) while best known for her work as an entertainer, Celia Cruz influenced the lives of millions of people as an ambassador of Latino culture and a powerful voice of freedom;

(5) over a prolific 50-year career as an entertainer, Celia Cruz became know as the ''Queen of Salsa'';

(6) she recorded over 50 albums, and her collaborative efforts with other performers helped break down ethnic and cultural barriers;

(7) the musical talent of Celia Cruz earned her hundreds of awards worldwide, most notably a 1990 Grammy Award and Billboard Magazine's ''Lifetime Achievement Award'' in 1995;

(8) in 1994, Cruz was recognized by President Clinton with the National Endowment of the Arts Award;

(9) on July 17, 2003, ''Celia Cruz'', as she was more commonly known, passed away at her Fort Lee, New Jersey home after battling brain cancer; and

(10) Celia Cruz was much more than just a singer to millions of fans worldwide, especially to Latinos in America, and her contributions to music, Latino culture, and American society make her most deserving of America's highest civilian award, the Congressional Gold Medal.

SEC. 3. CONGRESSIONAL GOLD MEDAL.

(a) PRESENTATION AUTHORIZED.—The Speaker of the House of Representatives and the President pro tempore of the Senate shall make appropriate arrangements for the posthumous presentation, on behalf of Congress, of a gold medal of appropriate design in commemoration of Celia Cruz, in recognition of her enduring contributions to music, Latino culture, and American society.

(b) DESIGN AND STRIKING.—For purposes of the presentation referred to in subsection (a), the Secretary of the Treasury (referred to in this Act as the ''Secretary'') shall strike a gold medal with suitable emblems, devices, and inscriptions, to be determined by the Secretary.

SEC. 4. DUPLICATE MEDALS.

The Secretary may strike and sell duplicates in bronze of the gold medal struck pursuant to section 2 under such regulations as the Secretary may prescribe, at a price sufficient to cover the cost thereof, including labor, materials, dies, use of machinery, and overhead expenses, and the cost of the gold medal.

SEC. 5. STATUS OF MEDALS.

(a) NATIONAL MEDALS.—The medals struck pursuant to this Act are national medals for purposes of chapter 51 of title 31, United States Code.

(b) NUMISMATIC ITEMS.—For purposes of section 5134 of title 31, United States Code, all medals struck under this Act shall be considered to be numismatic items.

SEC. 6. AUTHORITY TO USE FUND AMOUNTS; PROCEEDS OF SALE.

(a) AUTHORITY TO USE FUND AMOUNTS.—There is authorized to be charged against the United States Mint Public Enterprise Fund, such amounts as may be necessary to pay for the costs of the medals struck pursuant to this Act.

(b) PROCEEDS OF SALE.—Amounts received from the sale of duplicate bronze medals authorized under section 3 shall be deposited into the United States Mint Public Enterprise Fund.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 202—EXPRESSING THE SENSE OF THE SENATE REGARDING THE GENOCIDAL UKRAINE FAMINE OF 1932–33

Mr. CAMPBELL submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 202

Whereas 2003 marks the 70th anniversary of the Ukraine Famine, a manmade disaster that resulted in the deaths of millions of innocent Ukrainian men, women, and children and annihilated an estimated 25 percent of the rural population of that country;

Whereas it has been documented that large numbers of inhabitants of Ukraine and the then largely ethnically Ukrainian North Caucasus Territory starved to death in the famine of 1932–33, which was caused by forced collectivization and grain seizures by the Soviet regime;

Whereas the United States Government's Commission on the Ukraine Famine concluded that former Soviet leader Joseph Stalin and his associates committed genocide against Ukrainians in 1932–33, using food as a political weapon to achieve the aim of suppressing any Ukrainian expression of political and cultural identity and self-determination;

Whereas, as a result, millions of rural Ukrainians starved amid some of the world's most fertile farmland, while Soviet authorities prevented them from traveling to areas where food was more available;

Whereas requisition brigades, acting on Stalin's orders to fulfill the impossibly high grain quotas, seized the 1932 crop, often taking away the last scraps of food from starving families and children and killing those who resisted;

Whereas Stalin, knowing of the resulting starvation, intensified the extraction from Ukraine of agricultural produce, worsening the situation and deepening the loss of life;

Whereas, during the Ukraine Famine, the Soviet Government exported grain to western countries and rejected international offers to assist the starving population;

Whereas the Ukraine Famine was not a result of natural causes, but was instead the consequence of calculated, ruthless policies that were designed to destroy the political, cultural, and human rights of the Ukrainian people;

Whereas the Soviet Union engaged in a massive coverup of the Ukraine Famine, and journalists, including some foreign correspondents, cooperated with the campaign of denial and deception; and

Whereas, 70 years later, much of the world is still unaware of the genocidal Ukraine Famine: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the millions of innocent victims of the Soviet-engineered Ukraine Famine of 1932–33 should be solemnly remembered and honored on the 70th anniversary of the famine;

(2) the 70th anniversary of the Ukraine Famine should serve as a stark reminder of the brutality of the totalitarian, imperialistic Soviet regime under which respect for human rights was a mockery and the rule of law a sham;

(3) the Senate condemns the callous disregard for human life, human rights, and manifestations of national identity that characterized the Stalinist policies that caused the Ukrainian Famine;

(4) the manmade Ukraine famine of 1932–33 was an act of genocide as defined by the United Nations Genocide Convention;

(5) the Senate supports the efforts of the Government of Ukraine and the Verkhovna Rada (the Ukrainian parliament) to publicly acknowledge and call greater international attention to the Ukraine Famine; and

(6) an independent, democratic Ukraine, in which respect for the dignity of human beings is the cornerstone, offers the best guarantee that atrocities such as the Ukraine Famine never beset the Ukrainian people again.

Mr. CAMPBELL. Mr. President, I rise to submit a Senate Resolution regarding the genocidal Ukraine Famine of 1932–33. The resolution commemorates the millions of innocent victims of this Soviet-engineered famine and support the efforts of the Ukrainian Government and Parliament to publicly acknowledge and call greater international attention to one of the 20th century's most appalling atrocities.

This year marks the 70th anniversary of Stalin's man-made famine, one of the most heinous crimes in a century notable for events that demonstrated the cruelty of totalitarian regimes. Seventy years ago, a famine in Soviet-dominated Ukraine, and bordering ethnically-Ukrainian territory in Russia, resulted in the deaths of millions of